Q1

Wacker Chemie AG
Interim Report

January – March 2013

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Group sales for Q1 2013 come in at €1.08 billion, 6 percent above Q4 2012 and 10 percent below 2012's first quarter

First-quarter earnings before interest, taxes, depreciation and amortization reach €165 million, 23 percent higher than in Q4 2012, but 23 percent down on a year ago due to price declines

Net income for Q1 2013 amounts to €5 million

Sales in chemicals almost at Q1 2012's level amid satisfactory customer demand, with EBITDA 5 percent higher than a year ago

Polysilicon business posts markedly lower sales and earnings

Capital expenditures reduced by 35 percent and remain focused on strategic expansion of plant capacities

Forecast unchanged: Group sales for full-year 2013 expected to reach last year's level, with EBITDA declining year on year due to low prices for polysilicon and semiconductor wafers

Cover

Test samples are coated with silicone resin emulsion paint in the lab, then analyzed by WACKER technicians to determine how the paint affects their water absorption.

WACKER at a Glance

€ million	Q1 2013	Q1 2012*	Change in %
Sales	1,076.3	1,194.3	–9.9
EBITDA[1]	164.5	213.3	–22.9
EBITDA margin[2] (%)	15.3	17.9	–
EBIT[3]	32.2	83.9	–61,6
EBIT margin[2] (%)	3.0	7.0	–
Financial result	-14.6	–13.2	10.6
Income before taxes	17.6	70.7	–75.1
Net income for the period	5.1	41.8	–87.8
Earnings per share (basic/diluted) (€)	0.08	0.87	–90.5
Capital expenditures (including financial assets)	121.2	186.1	–34.9
Net cash flow[4]	–39.0	–48.1	–18.9

€ million	March 31, 2013	March 31, 2012*	Dec. 31, 2012*
Equity	2,188.4	2,337.0	2,121.3
Financial liabilities	1,193.7	1,097.3	1,197.2
Net financial liabilities/net financial receivables[5]	-800.1	19.1	–700.5
Total assets	6,433.6	6,677.2	6,492.8
Employees (number at end of period)	16,248	17,166	16,292

[1] EBITDA is EBIT before depreciation and amortization.
[2] Margins are calculated based on sales.
[3] EBIT is the result from continuing operations for the period before interest and other financial results, and income taxes.
[4] Sum of cash flow from operating activities (excluding changes in advance payments received) and cash flow from noncurrent investment activities (before securities), including additions due to finance leases.
[5] Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.
*Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

Interim Report January – March 2013

WACKER generates a quarter of its business in the construction industry. Its key advantage is that it offers its customers the best solutions from two different chemical domains.

1
Dr. Rudolf Hager (left) and Dr. Markus Busold are responsible at WACKER for innovative products for the paint and construction industries.

The fire broke out in the middle of the night when most of the residents of the elegant Tamweel Towers in downtown Dubai were already asleep. On the night of November 17 to 18, 2012, only the roof caught light at first. But then, fanned by the wind, the fire took hold in the 34-story skyscraper. It was morning by the time the fire department had it under control. The human tally following the flaming inferno was nobody dead and no one injured.

This narrowly avoided catastrophe in Dubai shows that fire safety can be a matter of life and death in the fast-growing metropolises of the world. Chemical companies like WACKER can contribute to saving lives, with solutions such as fire protection coatings for steel girders, which prevent the steel from crumpling like matchwood in a blaze.

In March, Dr. Markus Busold presented a new binder for such fire protection coatings at the European Coatings Show (ECS) in Nuremberg – the world's biggest and most important tradeshow for paints, coatings, construction chemicals, adhesives and sealants. The new VINNAPAS® LL 3112 binder makes formulations particularly economical, since it allows fire protection coatings to be applied extremely thinly. With up to seven coats, each of which has to be dried, that represents a huge saving in material and time. Nevertheless, the formulations using the new binder can protect steel girders against excessive temperatures for up to two hours.

Not all the new products that WACKER presented at ECS have such a spectacular function. They range from silicone products and binders for outdoor or indoor paints and plasters, to tile adhesives and joint mortars. But with decades of experience in both silicone technology and organic chemistry, WACKER can offer its customers from the construction industry the best solutions from two different chemical domains.

The Construction Industry is Growing Worldwide

A quarter of WACKER's business is in the construction industry, where it is one of the leading manufacturers of additives, high-quality binders and silicone products – and WACKER expects global growth to continue in coming years. Market observers estimate the construction industry's global sales at currently about seven trillion US dollars per year. By 2020, the market will have grown by a further 70 percent – to 12 trillion US dollars – with Asia still the main engine of growth. As mega construction projects in China, India and Vietnam gather breathtaking pace, market researchers are reckoning on an upward trend in other regions of the world, too.

All the solutions presented at the WACKER booth in Nuremberg by the 30 specialists from sales, marketing and technology had one thing in common: they were developed for customers. The starting question was, how can we help to solve builders' problems? There was even a method behind the babel of languages around the booth. Whether Polish or Portuguese, Arabic, Russian or Hindi, WACKER employees speak the languages of their customers from the paint and construction industries.

WACKER developed and tested the new VINNAPAS® LL 3112 fire-protection binder together with the Clariant chemical group, which produces one of the main ingredients of such steel coatings. "It is a very demanding field," says Dr. Markus Busold of WACKER POLYMERS. Formulators spend a lot of time working on such complex coatings. "Close cooperation is therefore

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At the European Coatings Show (ECS), WACKER presented its products for construction applications. For example, HDK® pyrogenic silicas, which prevent the heavier components of paints or coatings from settling out during storage.

3
Polymer binders, such as tile adhesives, are a strongly growing market for WACKER.

4
Interactive display panels around the tradeshow booth present the latest innovations.

5
WACKER innovations are presented by over 30 sales, marketing and technology specialists over a 230 square meter area.

5

all the more important," adds Busold. Since fire protection is subject to strict certification rules, the manufacturers require reliable suppliers, as “the product can no longer be modified significantly once it has been certified.”

At ECS, Corné van Hamont, too, devotes himself to customers looking for a solution to specific problems. The Dutchman sells the new GENIOSIL® hybrid polymers. “These polymers can be used in all conceivable applications throughout the construction industry,” says van Hamont, “in sealants, installation foam and even wood-flooring adhesives.” The sales manager puts a host of questions to the visitors showing interest in the GENIOSIL® multimedia displays at the booth. He knows that creative solutions for new markets can only be generated together with customers.

Environmentally Friendly Alternatives for the Paint Industry

WACKER also works closely with customers in its everyday dealings with the construction industry, for example at its Beijing technical center, one of 22 technical centers worldwide. Here, technologists adapt WACKER binders to suit Chinese raw materials and to the preferences of Asian customers. “The paint industry is highly regional," explains Peter Summo of WACKER POLYMERS. “German matte paints use different binders from American gloss paints, or from brightly colored coatings for the Chinese market.”

In all three countries, however, paint manufacturers are agreed that interior paints should be as environmentally friendly as possible. In China, too, low-odor interior paints have to meet strict regulations. Now that city dwellers spend more and more time in closed rooms, vinyl acetate-ethylene (VAE) based WACKER binders offer the paint industry an environmentally compatible alternative. WACKER has not only been the world leader in VAE technology for decades, but is also celebrating the 75th anniversary of its VINNAPAS® brand dispersions in 2013.

Sustainability and efficiency are also key characteristics of silicone resin emulsion paints and plasters. The high-quality outdoor paints do cost more

6
Well-packaged in 1,000 liter containers, silicone emulsions start their journey to paint manufacturers all over the world.

7/8
In the construction paints lab, a technician applies silicone resin emulsion paint to a test sample, before the capillary water absorption is tested.

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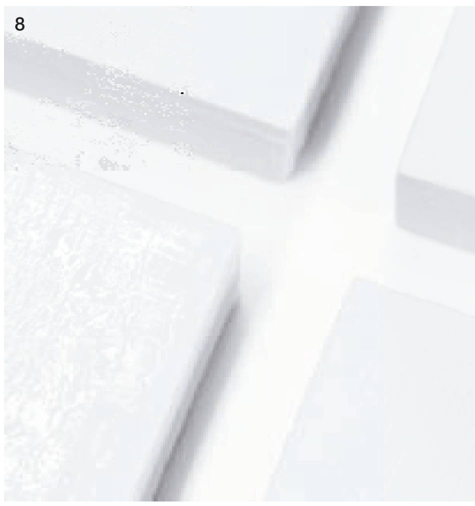


than other paint systems, but ensure that the building outer walls remain dry. This can reduce heat loss by up to 40 percent, saving energy that would just dissipate if the facade were unprotected. Silicone resin emulsion paints work like modern functional clothing, being water repellent and breathable at the same time. WACKER was one of the developers of silicone resin emulsion paints 50 years ago, and is now the market leader by far in this area.

Even greater energy efficiency can be achieved with external thermal insulation composite systems (ETICS). In Germany, whole street fronts have been clad with these insulation panels in recent years. WACKER supplies VINNAPAS® dispersible polymer powders for this purpose, which are added to the construction adhesive and mortar to ensure that the panels are firmly bonded to the plaster and masonry. Thermal insulation is also gaining ground in Asia now. “In China, in particular, where power consumption is growing continually, energy saving has become a top priority. There are therefore strict regulations on the energy efficiency of buildings,” explains Peter Summo. Insulation panels are even being installed more and more in hot regions, such as the Arabian Peninsula, where they act as thermal barriers, preventing the walls from heating up excessively, he continues.

Construction Chemicals for Numerous Applications

Innovative construction chemicals are needed all over the world to make energy consumption more efficient. With its silicones and organic polymers, WACKER provides effective protection against moisture. “Our job is to keep water at bay,” says Dr. Rudolf Hager, head of the Construction Chemicals business team. For example, a silicone emulsion makes glass wool water-repellent, since damp thermal insulation cannot do its job properly any more than a damp sweater can keep you warm.

Bricks and concrete can also be impregnated. Construction experts are kept permanently busy finding better ways to waterproof buildings. For example, WACKER researchers are currently experimenting with waterproofing membranes to protect basements and foundations against the ravages of the monsoons in India, says Peter Summo. In the past, damp walls were simply torn down and rebuilt, but as labor costs increase in Asia, too, it is becoming worthwhile to build with high-quality materials.

Concrete renovation is another important growth market. “In Germany alone, there are lots of bridges in need of repair," explains Dr. Hager. If concrete structures are just thrown up cheaply, problems start to emerge after a few years, namely corrosion. The steel reinforcement rusts, expanding and bursting apart the concrete from within. VINNAPAS® dispersible polymer powders are used in the repair mortar, while SILRES® silicone resins make the concrete water-repellent in advance.

The future lies in combining different competences across different divisions. The pioneers here are the successful GENIOSIL® hybrid polymers, which are the end product of decades of knowledge and experience in both organic and inorganic construction chemistry. “In these two chemical platforms, we still have a wide assortment of different technologies that we can link together,” says Peter Summo. WACKER researchers are working on customized products, such as durable composite materials, for construction customers. “In the end, what matters is that the market appreciates, and is willing to pay for, high-quality solutions like these,” Summo adds.

500°C

is the critical temperature at which steel structures lose their structural strength.

5 min.

is the time it takes in a fire for a steel girder without fire protection coating to reach the critical temperature at which it loses its load bearing strength.

90 min.

is the time for which a steel girder withstands a fire if it is coated with fire protection paint of fire resistance class F90. It retains its stability up to that point.

WACKER Stock

In Q1 2013, German and international capital markets were essentially influenced by fiscal-policy developments in Europe and the USA.

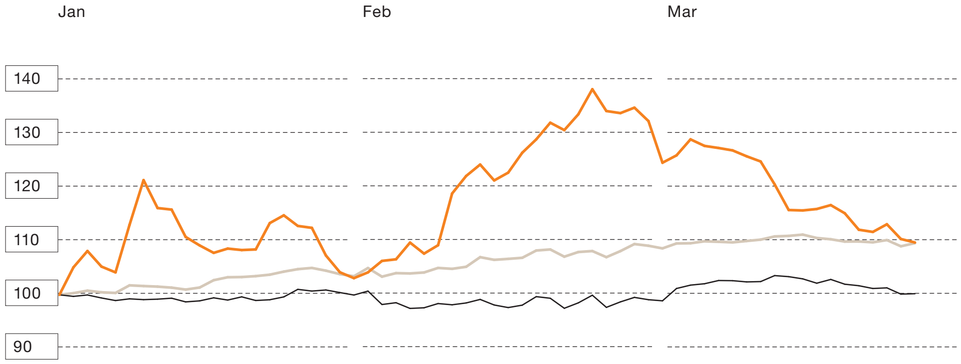
Although there is a growing consensus that the acute symptoms of the crisis are subsiding in the European Monetary Union, both the struggle to avert impending sovereign default in Cyprus and Italy's ongoing political instability have rekindled market participants' fears. In the USA, Congress and the Administration have still not found a consensus on ways to reduce the US budget deficit. As a result, a so-called sequester took effect in early March, resulting in a drastic reduction in federal spending. At the moment, it is difficult to judge how this will affect economic activity in the US and globally.

Despite continued uncertainty and turbulence, the leading German stock market indices – the DAX and MDAX – reached new highs during the quarter under review. In mid-March, the DAX crossed the 8,000 mark for the first time in more than five years. Subsequently, though, it could not maintain this level and tended to move sideways during the quarter as a whole. The MDAX achieved a new high during the quarter under review, exceeding 13,500 points on March 18.

At times, the WACKER stock clearly outperformed the DAX and MDAX in the first quarter. Starting 2013 at €50.86 (closing price on January 2, 2013), the stock improved over the following few days to €61.75 (January 10, 2013). By late February, after a brief correction, WACKER's share price had risen appreciably. The share price was supported by positive market reports on the growth outlook for photovoltaics outside of Europe. When publishing its preliminary 2012 figures on February 7, 2013, WACKER also noted that, in the first few weeks of 2013, customer demand for polysilicon was clearly surpassing expectations. As a result, the WACKER stock climbed to a high of €70.38 (February 25, 2013), though it declined again somewhat afterward. At the end of the first quarter, shares were trading at €55.83 (closing price on March 28, 2013), an increase of 9.8 percent compared with the start of the year. In the first quarter, it performed notably better than the DAX (+0.2 percent) and about the same as the MDAX mid-cap index (+9.7 percent).

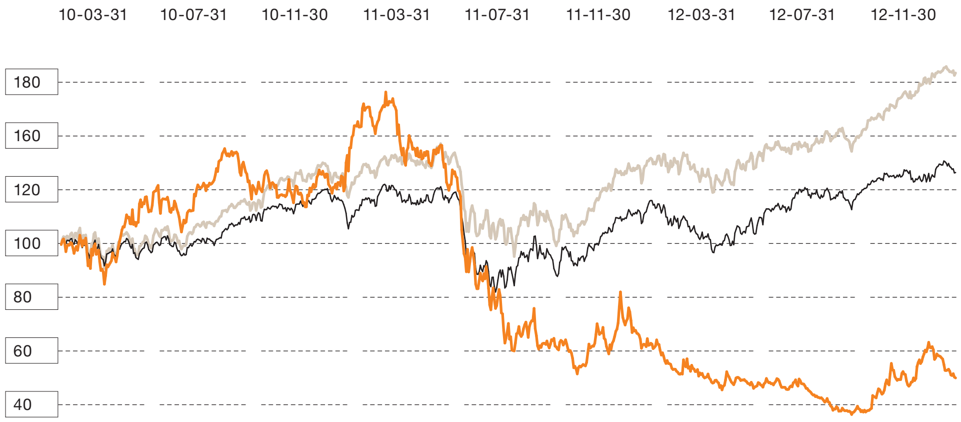
The three-year view shows that WACKER's stock has come out of a trough. After hitting a low of €40.87 (closing price on November 16, 2012), the share price has risen some 37 percent. Overall, though, the stock has clearly not performed as well as the DAX or MDAX during the past three years. These two indices increased by about 27 percent (DAX) and nearly 64 percent (MDAX). In contrast, WACKER's stock lost about half of its value during the same period. This trend is mainly due to the fact that many market participants consider WACKER to be a solar-sector company. This is evidenced by the strong correlation between WACKER's share price of the past three years and the trend in polysilicon prices. Consequently, it remains important to emphasize that WACKER's diversified portfolio offers wide-ranging opportunities for growth that are not dependent on the solar business.

G 1.1 WACKER's Share Performance in Q1 2013 (indexed to 100)[1]



WACKER[1] DAX 30 MDAX [1]100=€50.86 (closing price on January 2, 2013)

G 1.2 WACKER's Share Performance from March 31, 2010 to March 31, 2013 (indexed to 100)[1]



WACKER[1] DAX 30 MDAX [1]100=€110.40 (closing price on March 31, 2010)

T 1.1 Facts & Figures on WACKER Stock

€	Q1 2013
Closing price at the start of the reporting period (Jan. 2, 2013)	50.86
High in the reporting period	70.38
Low in the reporting period	50.86
Closing price at the end of the reporting period (March 28, 2013)	55.83
Change during the reporting period (%)	9.8
Average daily trading volume in shares/day (Xetra)	209,441
Market capitalization at the start of the reporting period (billion) (based on shares outstanding)	2.53
Market capitalization at the end of the reporting period (billion) (based on shares outstanding)	2.77
Earnings per share (€)	0.08

Continuity in the Company's Dividend Policy: Distribution Ratio Exceeds 25 Percent

At the annual press conference of March 14, 2013, it was announced that the Executive and Supervisory Boards of Wacker Chemie AG would propose a dividend of €0.60 per share for 2012 (dividend for 2011: €2.20) at this year's annual shareholders' meeting, to be held on May 8, 2013. This cash dividend corresponds to a payout of €29.8 million to the shares entitled to dividends as of December 31, 2012. Based on the net income allocable to Wacker Chemie AG's shareholders, the distribution ratio is 26 percent.

At the end of the reporting period, short sales of Wacker Chemie AG's stock amounting to 7.58 percent of the shares outstanding were reported as per Section 30h of Germany's Securities Trading Act ("WpHG"). The largest position amounted to 1.91 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 2012 Annual Report (pages 41 to 46) and the internet (www.wacker.com/investor-relations) for more details about WACKER's stock (e.g. dividends, 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 2013

January – March 2013

Dear Shareholders,

Following last year's challenges, 2013 will not be easy for WACKER either. Although the global economy is growing overall, regional differences remain strong and macroeconomic risks are still high. The ongoing financial and sovereign-debt crisis in Europe and the USA continues to dampen economic activity.

In the first quarter of the current year, there was as yet no sign of a fundamental turnaround in WACKER's operations. In semiconductors, wafer demand was still weak – and prices are at a low level. Solar-silicon prices, too, remain a key challenge. We do, however, see encouraging signs regarding demand here. Our first-quarter polysilicon volumes were markedly higher than expected at the start of the year. Business continues to develop positively at our chemical divisions. Amid stable revenues, they achieved a higher overall margin than a year ago.

Groupwide, we have defined three strategic levers that will shape our entrepreneurial activities in 2013 and the years ahead – expansion, substitution and innovation.

We will intensify our expansion in emerging markets and regions, focusing on Brazil, China, India, Southeast Asia and the Middle East. Of these, China offers the greatest potential. We also see opportunities for sales growth in North America.

We are tapping new markets by substituting conventional materials with our products – for example, our dispersions for the carpet industry.

We will keep our focus on expanding our product portfolio through innovations, thus opening up new opportunities. In our view, energy efficiency and silicon-based hybrid systems are particularly promising fields.

We have also defined cost-cutting measures and efficient resource management as a priority for this year. Our aim is to increase competition worldwide not only in procurement, but also when broadening our supplier relationships. We want to limit our material and payroll expenses. And we intend to use selective measures to enhance our productivity and cost-efficiency, especially at WACKER POLYSILICON and Siltronic.

With a product portfolio covering almost every key industrial sector, WACKER is well positioned even in a difficult business environment. Our wide-ranging portfolio enables us to mitigate difficulties on individual markets. This is one of WACKER's strengths. We will continue to focus all our energy on keeping your company on a sound course.

Munich, April 30, 2013
Wacker Chemie AG's Executive Board

Interim Group Management Report

Overall Economic Situation and State of the Industry

World Economy Remains on Moderate Growth Track – Fiscal-Policy Risks Slow Momentum

After a weak second half in 2012, the global economy recovered slightly at the start of 2013. Economic activity is improving only gradually, though, and continues to diverge considerably across individual regions. Consequently, the overall picture is inconsistent. The financial and sovereign-debt crisis in Europe, as well as the budget problems in the USA, continue to weigh on global economic prospects.

In its most recent forecast of April 16, 2013, the International Monetary Fund (IMF) expects global economic output to grow at a rate of 3.3 percent for the full year – slightly higher than last year (+3.2 percent). The IMF projects growth of 1.2 percent for advanced economies (2012: 1.2 percent), and 5.3 percent for emerging and developing countries (2012: 5.1 percent).[1]

In the USA, the economy seems to be gaining strength amid improved underlying conditions, even though the duration and impact of the current public spending sequester cannot yet be ascertained. IMF experts anticipate that America's economy will grow 1.9 percent this year (2012: 2.2 percent).[1] The Organisation for Economic Co-operation and Development (OECD) estimates that first-quarter GDP in the USA increased 3.5 percent quarter on quarter.[2]

In South America, the IMF's latest forecast expects the emerging economy of Brazil to generate 3.0 percent GDP growth this year (2012: 0.9 percent). For Latin America as a whole, the fund's experts project that GDP will increase by 3.4 percent (2012: 3.0 percent).[1]

The economy in Asia's emerging and developing countries presents a quite stable trend. China's economy, according to the IMF, will expand by 8.0 percent this year (2012: 7.8 percent). Based on data from the Chinese Bureau of Statistics, China's GDP rose 7.7 percent in Q1 2013 compared with the prior-year period.[3] For India, the IMF experts forecast a 5.7 percent GDP increase (2012: 4.0 percent). Although both countries are projected to outperform 2012's level, they will not achieve the strong growth of earlier years.[1]

[1] International Monetary Fund, World Economic Outlook Update: Hopes, Realities, Risks; Washington, April 16, 2013
[2] Organisation for Economic Co-Operation and Development (OECD), What is the near-term global economic outlook? Interim Assessment, Paris, March 28, 2013
[3] National Bureau of Statistics of China, Overall Economic Development was Stable in the First Quarter of 2013, Beijing, April 15, 2013

In Japan, the IMF's 2013 forecast is for moderate economic expansion. Japan is expected to grow by 1.6 percent (2012: 2.0 percent), with its GDP expanding for the second time in succession after the 2011 recession. Apparently, the government can offset the negative implications of trade conflicts with China by initiating new financial stimulus packages to spur domestic activity.[1]

Amid new financial-crisis symptoms and risks, the eurozone's economic recovery is proceeding more slowly than expected last year. Regional differences continue to be very pronounced. According to the IMF's latest forecast, German GDP is again expected to grow moderately in 2013. This stands in contrast to southern Europe in particular, where the economies of Italy, Spain and Greece will continue to weaken. The GDP of the entire eurozone will contract slightly in 2013 at a projected rate of –0.3 percent (2012: –0.6 percent).[1]

The German economy – after a decline in the final quarter of 2012 and a weak start to 2013 – is expected to pick up noticeably during the rest of the year. The IMF anticipates that German GDP will rise by 0.6 percent in full-year 2013.[1] The country's leading economic institutes are somewhat more optimistic. In their spring report, they project a GDP increase of 0.8 percent for the current year.[2]

The German chemical industry – according to the VCI (German Chemical Industry Association) – is seeing light at the end of the tunnel. The VCI expects German chemical production in 2013 to increase by 1.5 percent on the prior year, with sales in the industry projected to grow 2.0 percent. In 2012, production output had contracted by 3.1 percent while sales had risen by 1.3 percent compared with the previous year. Germany's chemical companies are mainly counting on momentum from exports outside of Europe.[3] At WACKER, chemical business performed positively in the first quarter, in line with the industry trend, although Europe's prolonged winter dampened construction-sector demand. With sales almost at the level of Q1 2012, overall volumes came in slightly higher than a year ago. Compared with last year's fourth quarter, the chemical divisions made noticeable progress in both volumes and sales.

In semiconductors, silicon-wafer demand is expected to grow moderately in 2013. The market-research experts at Gartner anticipate a volume increase (in terms of wafer surface area sold) of 4.4 percent on the previous year. The forecast is for demand to remain weak in the first three months of 2013, with market momentum picking up in the second quarter. Gartner expects 300 mm wafer volumes to advance by 5.8 percent – with this diameter posting much stronger growth than smaller-diameter wafers. This year, 300 mm wafers are projected to account for 57.5 percent of the overall market. Prices, according to Gartner, will not keep pace with resurgent demand. Consequently, the industry's sales are expected to increase only by about 3.3 percent this year, to just under US$ 9.7 billion.[4] At Siltronic, demand picked up in March. Overall January-through-March volumes, though, were slightly below last year's first and fourth quarters. Volumes are also being dampened by a huge slump in demand on the PC market. According to IDC, a market-research institute, the number of PCs sold worldwide in Q1 2013 was 13.9 percent below the year-earlier period. This is the greatest decline since IDC began collating data in 1994.[5] Sustained price pressure meant that Siltronic's sales lagged behind the figures recorded in Q4 2012 and in Q1 2012.

[1] International Monetary Fund, World Economic Outlook Update: Hopes, Realities, Risks; Washington, April 16, 2013
[2] Joint Economic Forecast Project Group: German Economy Recovering – Long-Term Approach Needed to Economic Policy, Joint Economic Forecast Spring 2013, Halle (Saale), April 16, 2013
[3] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 4th quarter 2012: Chemistry in Germany: Light at the end of the tunnel, Frankfurt, March 7, 2013
[4] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 1Q13 Update, Stamford (USA), March 5, 2013
[5] International Data Corporation (IDC), PC Shipments Post the Steepest Decline Ever in a Single Quarter, Framingham, Mass., April 10, 2013

According to the European Photovoltaic Industry Association (EPIA), the solar industry will continue to grow this year, but primarily outside of Europe. 2012 saw the world's cumulative installed photovoltaic capacity cross the 100-gigawatt threshold for the first time. But the days of exponential growth rates would appear to be over.[1] WACKER's estimations for 2012 are that a total solar capacity of 32 to 34 gigawatts (GW) was newly installed in that year (2011: 28 GW). For 2013, WACKER expects another increase in installed photovoltaic capacity of between 35 and 40 GW globally. Growth is being driven by solar-system demand in non-European countries. China is expected to become the world's largest market, with projected installed capacity of about 10 gigawatts.[1] At WACKER, growing customer demand during Q1 2013 positively impacted volumes, with delivery quantities rising strongly on the preceding quarter. First-quarter polysilicon sales were up 10 percent against Q4 2012, but were roughly one-third lower than Q1 2012 because prices declined substantially year on year.

Sales and Earnings for the WACKER Group

First-Quarter Business Influenced by Stable Chemical Operations – Reduced Prices for Polysilicon and Semiconductor Wafers

The WACKER Group posted sales of €1,076.3 million in the period from January through March 2013 (Q1 2012: €1,194.3 million), down about 10 percent from a year ago. The low price levels for solar silicon and semiconductor wafers were the principal reason why sales did not reach the Q1 2012 figure. Sales rose 6 percent, though, on last year's fourth quarter (€1,017.2 million), thanks mainly to volume increases for both polysilicon and many chemical products.

Overall, business at the chemical divisions developed satisfactorily in Q1 2013. Total sales for the three chemical divisions – WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS – reached €669.3 million, almost matching the year-earlier figure (€676.0 million). Their combined fourth-quarter sales rose by 3 percent (Q4 2012: €647.4 million). The protracted winter in Europe held back construction-sector demand and prevented these divisions from posting a higher sales increase. Price pressure on silicone products also dampened sales.

WACKER SILICONES increased its Q1 2013 sales by slightly less than 3 percent compared with the preceding quarter, maintaining the level of last year's first quarter. The main factor here was higher customer demand for silicone products compared with both Q1 2012 and Q4 2012. Stronger demand helped mitigate the effects of sustained price pressures, especially on standard products.

Sales at WACKER POLYMERS did not quite match Q1 2012, coming in 3 percent below the prior-year figure. Lower dispersion volumes and weaker prices dampened sales performance. Compared with last year's fourth quarter, WACKER POLYMERS increased its total sales by 3 percent. A stronger sales rise was prevented by the construction sector's relatively weak demand, due to Europe's protracted winter.

[1] European Photovoltaic Industry Association (EPIA), Market Report 2012, Brussels, February 2013

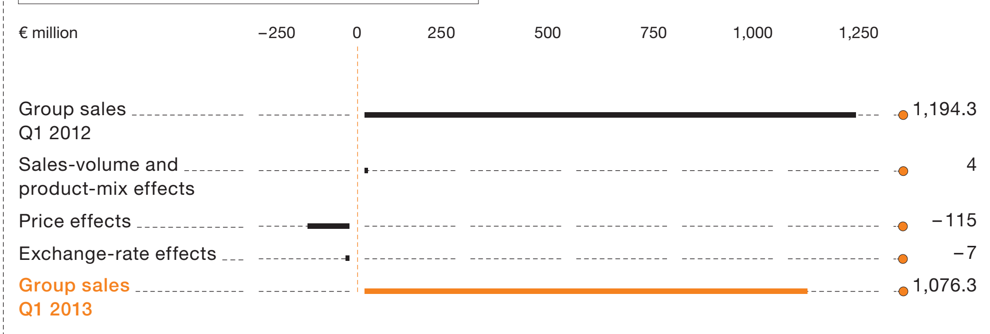
In Q1 2013, WACKER BIOSOLUTIONS benefited from good demand for gumbase polymers. Higher volumes – compared with both the preceding quarter and year-earlier quarter – helped the division exceed its total Q4 2012 sales by 12 percent. The division maintained its first-quarter sales at last year's level despite somewhat reduced prices.

For WACKER POLYSILICON, the market environment remains challenging. Consolidation in the solar industry continued during Q1 2013. First-quarter polysilicon prices were notably weaker than a year ago, but are likely to have reached their lows. Demand rose substantially. WACKER POLYSILICON sold much more polysilicon in the first quarter of this year than in the preceding three months, matching the volumes recorded in Q1 2012. Total sales at this division were almost 36 percent lower than a year ago, mainly due to the price situation. Compared with the preceding quarter, WACKER POLYSILICON increased its sales by about 10 percent.

In semiconductors, Siltronic's sales were impacted by overall weak demand and by sustained price pressures. During Q1 2013, total volumes (by surface area sold) were slightly lower compared with both the preceding quarter and last year's first quarter, with prices dropping at the same time. These two declines caused Siltronic's sales to fall just under 15 percent short of its Q1 2012 figure, and more than 7 percent short of the Q4 2012 figure.

Overall, negative price effects reduced the Group's Q1 2013 sales by almost 10 percent relative to a year ago. Higher volumes improved sales by 0.4 percent in the quarter under review. The average US dollar to euro exchange rate in the first quarter was 1.32. The dollar was thus slightly cheaper than it had been during Q1 2012 (1.31 dollars to the euro) and during Q4 2012 (1.30 dollars to the euro). The strength of the euro against the Japanese yen (Q1 2013: ¥121.51, Q1 2012: ¥103.84, and Q4 2012: ¥105.15) slowed sales, particularly in the semiconductor business. Overall, exchange-rate effects lowered the Group's first-quarter sales by half a percent. In Q1 2013, WACKER invoiced some 32 percent of its sales in US dollars, compared with 29 percent a year earlier. The US dollar remains the foreign currency with the most significant influence on the Group's business.

G 2.1 Year-on-Year Sales Comparison



Divisional Plant Utilization at Good Overall Level

WACKER's production facilities were generally well utilized between January and March 2013. Among the chemical divisions, WACKER SILICONES in particular profited from stable customer demand. On average, its plants were running at over 90 percent of full capacity during the first quarter. Several production areas were operating at full capacity. At WACKER POLYMERS, the average plant-utilization rate was around 70 percent. To meet accelerating customer demand, WACKER POLYSILICON ended short-time work at Burghausen's polysilicon plants in February. As the quarter progressed, it ramped up production at its plants, with capacity utilization averaging over 90 percent in March. Plant utilization at Siltronic was about 70 percent on average. At Siltronic Samsung Wafer, a joint venture producing 300 mm wafers in Singapore, plants were operating at nearly full capacity during the quarter.

The performance of each of WACKER's five divisions during the first quarter of 2013 is described in the "Division Results" section of this Interim Report, starting on page 32.

Sales below Prior-Year Level in Major Regions – Growth in Emerging Economies

The Group's Q1 2013 sales were lower than a year ago in every major region. The declines stemmed from different factors. In Europe, the solar sector's ongoing shift to Asia and the weakness of the overall economy left their mark. In the Americas and in Asia, sales were primarily dampened by weaker prices for solar silicon and semiconductor wafers. Low wafer volumes had an impact here, too. Conversely, there was growth in Brazil and India, and in the economies of the Middle East.

Asia remained by far the most important market for WACKER's products in Q1 2013, with the Group generating a good 40 percent of its total sales there (Q1 2012: 41 percent). WACKER's first-quarter sales in Asia came in at €434.7 million (Q1 2012: €487.1 million) – a decrease of just under 11 percent compared with a year ago. Higher sales of chemical products could not compensate for the slump in polysilicon and semiconductor-wafer prices. Compared with Q4 2012 (€404.1 million), though, WACKER increased its Asian sales by almost 8 percent.

In Europe, first-quarter sales totaled €256.7 million (Q1 2012: €276.3 million) – down 7 percent on a year ago, but 7 percent higher relative to Q4 2012 (€240.0 million). Polysilicon and semiconductor wafers performed below the levels of both Q1 and Q4 2012, mainly due to negative price trends. In contrast, the chemical divisions maintained the sales levels of last year's first and fourth quarters, even though the prolonged winter held back demand in the construction sector.

Group sales in Germany also came in lower than a year ago. Here, too, the main reasons were solar-sector consolidation and reduced wafer prices. The long winter was an additional factor. Overall, WACKER generated sales of €159.9 million in Germany (Q1 2012: €184.6 million), down 13 percent. Thanks to higher silicone-product sales, WACKER surpassed its Q4 2012 figure (€156.2 million) by over 2 percent.

In the Americas, sales of €183.7 million were around 11 percent lower than a year ago (€207.3 million). Most of this decline stemmed from substantially weaker semiconductor-wafer sales. WACKER did, however, marginally improve on its Q4 2012 figure (€182.6 million).

In the markets combined under "Other Regions," first-quarter sales totaled €41.3 million (Q1 2012: €39.0 million) – up by almost 6 percent on the prior-year period and by around 21 percent on Q4 2012 (€34.2 million).

Overall, WACKER generated about 85 percent of its first-quarter sales with customers outside Germany (Q1 2012: 84 percent).

T 2.1 Group Sales by Region

€ million	Q1 2013	Q1 2012	Change in %	% of Group sales
Asia	434.7	487.1	–11	40
Other European countries	256.7	276.3	–7	24
Germany	159.9	184.6	–13	15
The Americas	183.7	207.3	–11	17
Other regions	41.3	39.0	6	4
Total sales	1,076.3	1,194.3	–10	100

Please refer to WACKER's 2012 Annual Report (pages 49 to 62) for more detailed information on the Group's business and growth potential in the relevant markets, as well as on the respective market and competitive positions of the Group's divisions. There were no material changes in this respect during Q1 2013.

Uneven Trends in Raw-Material and Energy Prices

Raw-material and energy prices did not develop uniformly in the first quarter of 2013. Silicon metal was approximately 8 percent less expensive than in the prior-year period and more than 5 percent cheaper than in the preceding quarter. Certain other key raw materials, however, were significantly more expensive than they were a year ago. The price of ethylene increased by about 3 percent on the prior-year figure and was largely unchanged from the fourth quarter of 2012. Vinyl acetate monomer (VAM) also saw a 3-percent price rise relative to Q1 2012 and was almost 5 percent more expensive than in Q4 2012. The price increase for methanol was more pronounced. Methanol was almost 12 percent more expensive than a year ago, and cost about 6 percent more than in the final quarter of 2012. Natural-gas prices during the quarter varied only marginally from the previous year. Compared with Q4 2012, natural gas was nearly 3 percent cheaper. Overall, price changes in raw materials and energy only had a minor impact on the Group's first-quarter earnings.

Earnings Growth in Chemicals Did not Make up for Low Polysilicon Prices – EBITDA Margin of 15.3 Percent in Q1 2013

In the quarter under review, Group EBITDA amounted to €164.5 million (Q1 2012: €213.3 million), down almost 23 percent from a year ago, but 23 percent higher than in Q4 2012 (€133.9 million). The first-quarter EBITDA margin came in at 15.3 percent, compared with 17.9 percent in Q1 2012 and 13.2 percent in Q4 2012. First-quarter EBITDA included €32.2 million (Q1 2012: €36.6 million) in retained advance payments and damages relating to terminated contracts with polysilicon customers. Savings in material and personnel expenses also improved the quarter's EBITDA.

WACKER's first-quarter earnings trend was once again dominated by the low price level for polysilicon. Solar-silicon prices in the first three months of 2013 were substantially below their prior-year levels. Consequently, WACKER POLYSILICON's earnings before interest, taxes, depreciation and amortization (EBITDA) came in 65 percent lower than a year ago.

In silicon wafers, average prices were 7 percent below Q1 2012. Nevertheless, Siltronic delivered a break-even EBITDA in Q1 2013 – a notable improvement on the same quarter last year. Clearly, Siltronic's measures to lower production costs and improve plant utilization are paying off. In Q1 2012, EBITDA had included non-recurring expenses of €14.8 million in connection with the closure of the 150 mm silicon-wafer line at the Portland site.

The combined EBITDA of the three chemical divisions was over 5 percent higher than in the year-earlier period. Positive factors here included volume growth for silicone products, for dispersible polymer powders and for solid resins used in gumbase. Additionally, EBITDA was supported by reduced material and personnel expenses, as well as by lower transfer prices for siloxane in China. However, earnings growth in chemicals was not sufficient to compensate for the declines at WACKER POLYSILICON.

In fiscal 2013, WACKER is applying – for the first time – the revised version of IAS 19, which governs the recognition and measurement of provisions for pensions. The revisions also have a limited effect on the Group's income statement. In accordance with requirements, WACKER has adjusted its earnings figures for the prior-year quarters. The respective divergences in the figures for EBITDA, EBIT and net income from those published in last year's quarters, however, are not substantial – they range from between €1 million and €3 million per quarter. For more details, please refer to the Notes to the financial statements within this Interim Report.

The profitability trend of each of WACKER's five divisions in Q1 2013, and the respective key factors involved, are described in the "Division Results" section of this Interim Report, starting on page 32.

The Group's earnings before interest and taxes (EBIT) amounted to €32.2 million in the first quarter of 2013 (Q1 2012: €83.9 million), yielding a correspondingly lower EBIT margin of 3.0 percent (Q1 2012: 7.0 percent). The factors described above were the main reasons for this decline. EBIT was additionally reduced by slightly higher depreciation of noncurrent assets – amounting to €132.3 million in the first quarter of 2013 (Q1 2012: €129.4 million).

First-Quarter Sales Performance in Line with Expectations – Polysilicon Volumes Rise Much Higher than Initially Planned at Start of Year

When the Executive Board of Wacker Chemie AG presented the 2012 Annual Report in mid-March, it estimated that Group sales in Q1 2013 would be higher than in the preceding quarter, but that they would not reach the level of Q1 2012. This assessment has proven correct. Demand for polysilicon is developing better than planned. In the first quarter, customers took delivery of markedly higher quantities than expected at the start of the year. In consequence, WACKER POLYSILICON canceled short-time work at Burghausen's polysilicon production facilities in February. Polysilicon prices were, as expected, at low levels, but these prices now appear to have bottomed out. In semiconductors, the first quarter, as predicted, did not see any uptrend in either volumes or prices. Demand is not expected to pick up noticeably until the second half of the year. The chemical divisions reported satisfactory demand, given the seasonal effects in their business during the winter months. Raw-material and energy costs also developed as expected in the quarter under review.

First-Quarter Earnings per Share of €0.08

The WACKER Group generated net income of €5.1 million in January through March 2013 (Q1 2012: €41.8 million). First-quarter earnings per share amounted to €0.08 (Q1 2012: €0.87). In addition to the factors already described, net income for the period was also affected by a relatively high tax rate and by increased interest expenses.

Investments Decline 35 Percent due to Project-Related Factors

In Q1 2013, WACKER's capital expenditures amounted to €121.2 million groupwide (Q1 2012: €186.1 million) – down some 35 percent from a year ago, due to project-related factors.

About 60 percent of first-quarter investment spending went on constructing the new Charleston polysilicon site in the US state of Tennessee. Given the present solar-market difficulties and global polysilicon overcapacity, WACKER decided last fall to extend the timeline for completing the project. The site's completion is currently scheduled for mid-2015. This measure will optimize the Group's investment spending and ease the current year's budget by several hundred million euros. With Charleston's new timeline, the total investment cost for the entire project will increase by around 10 percent to approximately US$ 2 billion. At the same time, production capacity at the new facilities should rise by over 20,000 metric tons per year. WACKER is using the additional time to optimize the production facilities and improve manufacturing processes there, so that yields are higher.

Aside from the project in Tennessee, other investments during Q1 2013 went toward the expansion of production capacities for dispersions in Asia and the USA. Long term, WACKER intends to benefit from growing customer demand for high-quality dispersions.

In early February, WACKER officially started up a new production facility for vinyl acetate-ethylene copolymer (VAE) dispersions at its Ulsan site in South Korea. With this second reactor line's additional 40,000 metric tons, the site's production capacity for VAE dispersions has almost doubled, climbing to a total of 90,000 metric tons per year.

Expansion work at the Nanjing polymers site in China continued during the quarter. The existing dispersions facilities there were enlarged by a new reactor with an annual output of 60,000 metric tons. The new plant was officially inaugurated in April, doubling WACKER's dispersions capacity in China to around 120,000 metric tons per year. Also at Nanjing, a new plant its being built to produce polyvinyl acetate solid resins. With an annual capacity of 20,000 metric tons, the new plant is expected to come on stream toward the end of this year.

Similarly, the USA polymers site at Calvert City is also expanding, adding 30,000 metric tons of dispersions capacity per year.

Net Cash Flow Slightly above Prior-Year Period – Marked Improvement on Q4 2012

WACKER's net cash flow in the first quarter of 2013 was €–39.0 million (Q1 2012: €–48.1 million), over €9 million better than a year ago. Compared with the fourth quarter of 2012 (€–241.3 million), net cash flow showed a marked improvement. It rose around €200 million on the preceding quarter, mainly due to a significant increase in cash from operating activities and lower capital expenditures. As expected, net financial liabilities have increased further in the quarter under review, totaling €800.1 million as of the March 31 reporting date. On December 31, 2012, WACKER recognized net financial liabilities of €700.5 million.

Additional information and explanations on the WACKER Group's financial position in Q1 2013 can be found in the comments about the statement of cash flows, starting on page 30 of this Interim Report.

Innovations and Product Substitution Open up New Markets and Business Opportunities

The WACKER Group is one of the world's most research-intensive chemical companies. 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. WACKER spent €40.1 million on R&D activities in the first quarter of 2013 (Q1 2012: €43.3 million).

WACKER's attendance at two tradeshows during the reporting period illustrates just some of the company's many novel developments and market launches:

- At the end of February, WACKER presented a new silicone rubber for orthopedic and prosthetic devices at MEDTEC Europe in Stuttgart, Germany. This rubber, named SILPURAN® 2410 A/B, is suitable for making soft and elastic orthopedic products, such as shoe insoles, heel cushions and truss pads. Manufacturers can flexibly control the hardness of the cured rubber during processing – which offers numerous advantages, particularly in small-run production.

- At the European Coatings Show 2013, held in late March in Nuremberg, WACKER introduced numerous innovations for paints and surface coatings, as well as for the construction, packaging and adhesives industries. Presentations at the ECS ranged from novel silicone resins and polymeric binders for high-quality exterior and interior paint and plaster applications all the way to cyclodextrins as environmentally compatible processing auxiliaries. A new dispersion for intumescent coatings, for example, helps to prolong the stability of steel girders in the event of fire. A new silicone resin emulsion enables the manufacture of solvent-free, heat-resistant coatings for machine parts, pipes and furnaces. Innovative polymeric binders deliver water-permeable drainage concrete, low-emission self-leveling flooring compounds and highly water-repellent grouts and plasters. New surface coating resins prove ideal for heat-sealable closure systems and for printing inks used in sterilizable food packaging. WACKER rounded out its ECS offerings with hybrid polymers for high-strength structural adhesives and a dispersion for surfaces that are difficult to bond.

The Group's central R&D activities and priorities, as well the separate R&D fields of WACKER's divisions, are described in detail on pages 95 to 102 of the 2012 Annual Report. The goals and priorities presented there did not change substantially in Q1 2013.

Employee Numbers Down due to Consolidation of Production Capacity

Throughout 2012, WACKER had consolidated its production capacities for smaller-diameter wafers. This resulted in a reduction of the Group's workforce. On March 31, 2013, WACKER had 16,248 employees worldwide (Dec. 31, 2012: 16,292). Employee numbers therefore remained virtually unchanged relative to year-end 2012. Compared with March 31, 2012 (17,166), staffing levels were around 5 percent lower.

As of March 31, 2013, WACKER had 12,587 employees in Germany (Dec. 31, 2012: 12,635) and 3,661 at its international sites (Dec. 31, 2012: 3,657).

For further information on the organization and structure of Wacker Chemie AG, as well as on its corporate goals and strategy, please refer to the "Business Environment" section on pages 49 to 62 in the 2012 Annual Report.
The principles, guidelines and processes described there did not change materially during the quarter under review and continue to apply.

The Supervisory Board of Wacker Chemie AG appointed Dr. Tobias Ohler as a new Executive Board member with effect from January 1, 2013. He succeeded Dr. Wilhelm Sittenthaler, who left the Executive Board for personal reasons with effect from December 31, 2012. At the beginning of March, Wacker Chemie AG's Supervisory Board reappointed Dr. Rudolf Staudigl as CEO and Auguste Willems as Executive Board member for another five years, respectively.

Condensed Statement of Income – Earnings

January 1 through March 31, 2013

T 2.2 Condensed Statement of Income

€ million	Q1 2013	Q1 2012*	Change in %
Sales	1,076.3	1,194.3	–9.9
Gross profit from sales	123.9	216.5	–42.8
Selling, R&D and general administrative expenses	–129.5	–141.5	–8.5
Other operating income and expenses	48.3	11.8	>100
Operating result	42.7	86.8	–50.8
Result from investments in joint ventures and associates	–10.5	–2.9	>100
EBIT	32.2	83.9	–61.6
Financial result	–14.6	–13.2	10.6
Income before taxes	17.6	70.7	–75.1
Income taxes	–12.5	–28.9	–56.7
Net income for the period	5.1	41.8	–87.8
Of which			
Attributable to Wacker Chemie AG shareholders	4.1	43.3	–90.5
Attributable to non-controlling interests	1.0	–1.5	n.a.
Earnings per share (basic/diluted) (€)	0.08	0.87	–90.5
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–
Reconciliation to EBITDA			
EBIT	32.2	83.9	–61.6
Depreciation/appreciation of noncurrent assets	132.3	129.4	2.2
EBITDA	164.5	213.3	–22.9

* Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

The opening quarter of the current year was characterized by uncertain economic prospects and a market environment that remains difficult. WACKER was unable to match the prior-year quarter's sales and earnings figures. Sales and earnings were especially impacted by the difficult market situation in the photovoltaic industry, which was marked by overcapacity and a large number of customers in financial difficulties. Lower prices for semiconductor wafers also reduced sales. The three chemical divisions' performance was satisfactory. However, price pressure in many areas of business and the impact of cold weather on the construction business in Europe meant that only some of the prior-year figures were matched. All three chemical divisions improved both sales and earnings, primarily for seasonal reasons, compared with Q4 2012.

Sales of €1.08 Billion 10 Percent Down on Prior-Year Quarter

WACKER generated sales of €1,076.3 million in the first quarter of 2013 (Q1 2012: €1,194.3 million), down 10 percent from a year ago. Compared with the preceding quarter (€1,017.2 million), consolidated sales grew by 6 percent.

Lower prices for solar silicon and semiconductor wafers are the main reason why consolidated sales were down on the opening quarter of 2012. Thus, WACKER POLYSILICON witnessed a contraction in sales of almost 36 percent from €366.6 million in Q1 2012 to €235.4 million. The division exceeded its Q4 2012 sales figure of €213.3 million by 10 percent thanks to increased volumes. Siltronic achieved sales of €171.2 million in Q1 2013, a fall of almost 15 percent on one year ago (€201.1 million) and down more than 7 percent on Q4 2012 (€184.7 million). WACKER SILICONES generated sales of €402.1 million in the period under review (Q1 2012: €401.0 million). The division's performance was thus almost 3 percent up on the preceding quarter (€392.0 million) and was on a par with one year earlier. WACKER POLYMERS did not quite match the high figure for Q1 2012. The division achieved sales of €226.7 million, compared with €233.8 million in the same period of 2012. Although this was down 3 percent from a year ago, it marked an improvement of more than 3 percent compared with Q4 2012 (€219.2 million).

EBITDA Reaches Some €165 Million in Q1 2013

In Q1 2013, EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to €164.5 million (Q1 2012: €213.3 million), a decrease of €48.8 million. The EBITDA margin for the opening quarter was 15.3 percent (Q1 2012: 17.9 percent). Lower prices, especially for solar silicon, reduced earnings. WACKER POLYSILICON reported a drop in EBITDA of €97.6 million. Conversely, all divisions benefited from lower material and personnel expenses. First-quarter EBIT for the Group came to €32.2 million, 62 percent down on the Q1 2012 figure of €83.9 million. Depreciation for the quarter under review amounted to €132.3 million, only a slight increase on the prior-year level (€129.4 million).

EBITDA and EBIT at WACKER POLYSILICON benefited from non-recurring effects. In the quarter under review, WACKER retained a total of €32.2 million (Q1 2012: €36.6 million) in advance payments received and damages in respect of terminated polysilicon contracts. In 2012, the closure of 150 mm wafer production at Portland reduced EBITDA for Siltronic by €14.8 million.

Cost of Goods Sold Remains Constant

Year-on-year gross profit from sales fell by €92.6 million from €216.5 million to €123.9 million, a decline of 43 percent. The gross margin was 12 percent, as against 18 percent in the prior-year quarter. This margin was mainly pushed down by the lower prices for polysilicon and semiconductors compared with Q1 2012. The cost of goods sold fell slightly in the quarter under review, to €952.4 million, down 3 percent from a year ago. A variety of effects were at work here. Polysilicon production was ramped up at Burghausen from February on. Fixed-cost coverage improved in March, thanks to better capacity utilization of the production facilities across all areas. The somewhat lower raw-material costs also had a positive impact on the cost of goods sold. The cost-of-sales ratio stood at 88 percent in Q1 2013 (Q1 2012: 82 percent).

Functional Costs Reduced

Other functional costs (selling, R&D and general administrative expenses) were 9 percent lower than one year before, a reduction of €12.0 million. WACKER took a variety of measures to bring down material and personnel expenses in Q1 2013.

Other Operating Income and Expenses

The first-quarter balance of other operating income and expenses was €48.3 million (Q1 2012: €11.8 million). The Group posted a slight foreign currency gain of €3.1 million. The same line item yielded a gain of €2.2 million one year earlier. The main reason for the positive balance of operating income and expenses relates to the retention of advance payments received and the receipt of damages from terminated contracts with polysilicon customers. WACKER collected a total of €32.2 million from such sources in the quarter under review (Q1 2012: €36.6 million). In the previous year, other operating income and expenses included €14.8 million in costs for the closure of 150 mm wafer production at Portland.

Operating Result

Due to the effects described above, the first-quarter operating result fell from €86.8 million to €42.7 million, down 51 percent from a year earlier.

Result from Investments in Joint Ventures and Associates

The investment result for Q1 2013 was €–10.5 million (Q1 2012: €–2.9 million). The investment losses were due to high depreciation incurred in connection with the joint venture with Samsung for production of 300 mm wafers, as well as lower prices. Moreover, the profits of the joint venture with Dow Corning for the production of siloxane in China were significantly down, as expected. This reduced profit is due to the lower transfer prices for siloxane that WACKER agreed with Dow Corning. These prices had a positive influence on the investment result in the past.

Financial and Interest Result

WACKER's Q1 2013 financial result dropped against the year-earlier period. The figure for the quarter under review was €–14.6 million (Q1 2012: €–13.2 million), 11 percent down on the prior-year quarter. This decline was due to higher interest expenses of €8.3 million (Q12012: €4.6 million). It was essentially driven by lower capitalized construction-related borrowing costs of €0.6 million (Q1 2012: €3.8 million), which reduced the interest expense. Interest income remained virtually constant at €4.0 million (Q1 2012: €3.9 million). The other financial result came to €–10.3 million as of the reporting date and was therefore an improvement on the prior-year quarter (€–12.5 million). It primarily comprises interest-bearing elements of pension and other noncurrent provisions. It also includes income and expenses from exchange-rate effects of financial investments.

Income Taxes

The Group reported tax expenses of €12.5 million (Q1 2012: €28.9 million). That figure is 57 percent down on the prior-year quarter. The Group's tax rate was 71.0 percent (Q1 2012: 40.9 percent). The year-on-year increase in the tax rate is especially steep because net income in Germany fell by more than the non-tax-deductible expenses and losses at some international subsidiaries.

Net Income for the Period

Net income for the quarter was €5.1 million, €36.7 million lower than the prior-year figure (€41.8 million), due to the effects described above.

Condensed Statement of Financial Position – Net Assets

March 31, 2013

T 2.3 Assets

€ million	March 31, 2013	March 31, 2012*	Change in %	Dec. 31, 2012*	Change in %
Intangible assets, property, plant and equipment, and investment property	3,976.5	3,562.8	11.6	3,949.9	0.7
Investments in joint ventures and associates accounted for using the equity method	32.3	119.7	−73.0	41.0	−21.2
Other noncurrent assets	539.2	436.7	23.5	544.7	−1.0
Noncurrent assets	4,548.0	4,119.2	10.4	4,535.6	0.3
Inventories	672.7	685.6	−1.9	712.1	−5.5
Trade receivables	661.2	685.4	−3.5	600.2	10.2
Other current assets	551.7	1,187.0	−53.5	644.9	−14.5
Current assets	1,885.6	2,558.0	−26.3	1,957.2	−3.7
Total assets	6,433.6	6,677.2	−3.6	6,492.8	−0.9

T 2.4 Equity and Liabilities

€ million	March 31, 2013	March 31, 2012*	Change in %	Dec. 31, 2012*	Change in %
Equity	2,188.4	2,337.0	−6.4	2,121.3	3.2
Noncurrent provisions	1,398.0	1,229.5	13.7	1,432.3	−2.4
Financial liabilities	941.6	950.9	−1.0	958.5	−1.8
Other noncurrent liabilities	749.0	960.9	−22.1	819.4	−8.6
Of which advance payments received	726.5	957.4	−24.1	803.4	−9.6
Noncurrent liabilities	3,088.6	3,141.3	−1.7	3,210.2	−3.8
Financial liabilities	252.1	146.4	72.2	238.7	5.6
Trade payables	342.6	375.6	−8.8	379.8	−9.8
Other current provisions and liabilities	561.9	676.9	−17.0	542.8	3.5
Current liabilities	1,156.6	1,198.9	−3.5	1,161.3	−0.4
Liabilities	4,245.2	4,340.2	−2.2	4,371.5	−2.9
Total equity and liabilities	6,433.6	6,677.2	−3.6	6,492.8	−0.9

* Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

WACKER's total assets were down €59.2 million against December 31, 2012, a decrease of 1 percent from last year. They amounted to €6.43 billion at the reporting date (Dec. 31, 2012: €6.49 billion). Lower noncurrent and current liquidity impacted total assets, which fell by €103.1 million. In contrast, fixed assets grew by €26.6 million due to investments. On the equity and liabilities side, pension provisions dropped €36.3 million. Similarly, trade payables decreased €37.2 million. There was also a reduction in advance payments received. Foreign currency translation effects raised total assets by €54.8 million.

Equity and liabilities differ from the 2012 figures published by WACKER in the 2012 quarterly reports and 2012 Annual Report. Adoption of the new IAS 19 (revised) accounting standard "Employee Benefits" led to a substantial rise in pension provisions. At the same time, equity was reduced.

The changes are presented in detail in the Notes section under "Changes in Accounting and Valuation Methods," starting on page 61.

Noncurrent Assets

Noncurrent assets remained virtually constant. They amounted to €4.55 billion at the reporting date (Dec. 31, 2012: €4.54 billion). Their share of total assets was 71 percent (Dec. 31, 2012: 70 percent). Property, plant and equipment rose €119.1 million due to first-quarter investments. Of Q1 2013 capital expenditures, around 60 percent were for construction of the production site in Charleston, Tennessee (USA). At the same time, depreciation reduced property, plant and equipment by €129.9 million. Exchange-rate differences increased the carrying amount by €39.9 million. Overall, intangible assets, property, plant and equipment, and investment property increased from €3.95 billion at the end of 2012 to €3.98 billion at the reporting date for the quarter.

Investments in joint ventures and associates accounted for using the equity method fell from €41.0 million to €32.3 million. This 21-percent decrease was driven by current losses incurred by joint ventures and associates.

Other noncurrent assets and securities came to €539.2 million (Dec. 31, 2012: €544.7 million), a decrease of 1 percent from last year. The major change was a €27.8 million drop in noncurrent securities to €33.3 million. There was an opposite effect from noncurrent loans to joint ventures and associates, which increased from €256.2 million to €264.1 million as a result of capitalized interest income and exchange-rate effects. Other noncurrent assets also include noncurrent derivative financial instruments, noncurrent tax receivables and deferred tax assets.

Current Assets

Current assets declined by 4 percent compared with December 31, 2012 to a total of €1.89 billion (Dec. 31, 2012: €1.96 billion). As a proportion of total assets, current assets fell slightly to 29 percent compared with December 31, 2012 (30 percent). The high level of year-end inventories of €712.1 million was brought down to €672.7 million. Higher sales compared to Q4 2012 were the reason for a €61.0 million increase in trade receivables to €661.2 million. Inventories and trade receivables combined accounted for 21 percent of total assets, representing no change from the end of 2012.

Securities, along with cash and cash equivalents, are a major component of other current assets. Current securities dropped €35.6 million to €207.4 million. Liquid funds declined by €39.7 to €152.9 million. Among other things, these were used to fund ongoing investment projects. Additionally, other current assets included tax receivables of €70.4 million (Dec. 31, 2012: €90.8 million) and derivative financial instruments for forward-exchange contracts. Other current assets represented 9 percent of total assets (Dec. 31, 2012: 10 percent).

Slight Increase in Equity

Group equity grew from €2.12 billion at the end of fiscal 2012 to €2.19 billion, an increase of €67.1 million. As a result, the equity ratio was 34.0 percent (Dec. 31, 2012: 32.7 percent). It was higher than on December 31, 2012, because of growth in the other equity items. At the start of this year, WACKER switched to the new IAS 19 (revised) accounting and valuation principles for pension provisions. Actuarial losses dropped due to the remeasurements of defined benefit plans carried out at the end of Q1 2013. This led to an increase in equity of €40.5 million. Foreign currency translation effects amounted to €+25.5 million as of March 31. Net first-quarter income of €5.1 million likewise increased equity.

Noncurrent Liabilities

Noncurrent liabilities amounted to €3.09 billion as against €3.21 billion at December 31, 2012, a decline of €121.6 million. Their share of total equity and liabilities was 48 percent (Dec. 31, 2012: 49 percent). Pension provisions fell from €1.24 billion to €1.20 billion. The decline of €36.3 million stems from the slightly higher discount rate. Pension provisions were unchanged from the end of the fiscal year, accounting for 19 percent of total equity and liabilities.

Noncurrent financial liabilities fell slightly by €16.9 million. Other noncurrent liabilities dropped from €819.4 million to €749.0 million. The reclassification as current of noncurrent advance payments received, along with retention of advance payments and collection of damages from terminated contracts, are the main factors behind the €76.9 million drop in noncurrent advance payments received.

Current Liabilities

Current liabilities remained virtually constant. They amounted to €1.16 billion at the end of the reporting date (Dec. 31, 2012: €1.16 billion), a share of 18 percent of total equity and liabilities. Trade payables decreased by 10 percent to €342.6 million. The other current provisions and liabilities increased only marginally by almost 4 percent from €542.8 million to €561.9 million. Provisions for personnel and the liabilities for vacation leave and flextime grew in the first quarter. Current advance payments received were also up as a result of reclassifications from the noncurrent category. Liabilities for derivative financial instruments relating to foreign exchange hedging also increased.

WACKER has Net Financial Liabilities of around €800 Million

Current financial liabilities rose slightly to €252.1 million (Dec. 31, 2012: €238.7 million). Formerly noncurrent liabilities now reclassified as current were the reason for this development. Overall, financial liabilities remained constant at €1,193.7 million (Dec. 31, 2012: €1,197.2 million). As at the end of the past fiscal year, financial liabilities accounted for 18 percent of total equity and liabilities. Current liquidity (current securities, and cash and cash equivalents) was down 17 percent compared with the year-end level. It amounted to €360.3 million (Dec. 31, 2012: €435.6 million). Noncurrent securities fell from €61.1 million to €33.3 million. WACKER correspondingly has net financial liabilities (the balance of gross financial debt and noncurrent and current liquidity) totaling €800.1 million as of March 31, 2013. By comparison, the figure as of December 31, 2012 was €700.5 million.

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, 2013

T 2.5 Condensed Statement of Cash Flows

€ million	Q1 2013	Q1 2012*	Change in %
Net income for the period	5.1	41.8	−87.8
Depreciation/appreciation of noncurrent assets	132.3	129.4	2.2
Changes in inventories	47.4	19.1	>100
Changes in trade receivables	– 51.6	−134.3	−61.6
Changes in other assets	8.8	8.6	2.3
Changes in advance payments received	– 58.3	−33.0	76.7
Changes from equity accounting	10.5	3.0	>100
Other non-cash expenses, income and other items	– 16.7	131.8	n.a.
Cash flow from operating activities (gross cash flow)	77.5	166.4	−53.4
Cash receipts and payments for investments	– 174.8	−247.5	−29.4
Cash flow from noncurrent investment activities before securities	– 174.8	−247.5	−29.4
Acquisition/disposal of securities	62.3	5.1	>100
Cash flow from investment activities	– 112.5	−242.4	−53.6
Changes in financial liabilities	– 5.8	328.5	n.a.
Cash flow from financing activities	– 5.8	328.5	n.a.
Changes due to exchange-rate fluctuations	1.1	−0.9	n.a.
Changes in cash and cash equivalents	– 39.7	251.6	n.a.
At the beginning of the period	192.6	473.9	−59.4
At the end of the period	152.9	725.5	−78.9

T 2.6 Net Cash Flow

€ million	Q1 2013	Q1 2012	Change in %
Cash flow from operating activities (gross cash flow)	77.5	166.4	−53.4
Changes in advance payments received	58.3	33.0	76.7
Cash flow from noncurrent investment activities before securities	– 174.8	−247.5	−29.4
Additions from finance leases	–	–	n.a.
Net cash flow	– 39.0	−48.1	−18.9

* Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

The focus of our financial planning is on safeguarding WACKER's financial strength over the long term; in that respect the Group's business operations serve as the major source of liquidity. Due to its currently high level of investment activity, WACKER has decided for strategic reasons to optimize its financing structures through long-term credit facilities.

Gross Cash Flow

The cash flow from operating activities (gross cash flow) totaled €77.5 million in the quarter under review (Q1 2012: €166.4 million). Lower net income of €5.1 million (Q1 2012: €41.8 million) and lower advance payments received for polysilicon deliveries are the reason for this decline. As expected, the quarter brought a net change of €–58.3 million in advance payments received. In Q1 2013, depreciation of €132.3 million (Q1 2012: €129.4 million) had a positive effect on gross cash flow. Changes in working capital had no overall impact on gross cash flow. Other items contain, for example, changes in provisions and liabilities, as well as other non-cash expenses and income.

Cash Flow from Investment Activities

Cash flow from noncurrent investment activities for the period January through March 2013 came to €–174.8 million (Q1 2012: €–247.5 million). Capital expenditures were much lower than in the prior-year period because WACKER has extended the timetable for completion of the polysilicon site in Charleston, Tennessee. Overall investments this year are correspondingly lower. Around 60 percent of funds invested in the quarter went toward building the Charleston site.

Cash flow from investing activities for Q1 2013 came to €–112.5 million (Q1 2012: €–242.4 million). Alongside fixed-asset investments, it included cash receipts and payments for securities with a term of more than three months. Maturing securities led to incoming payments in the period under review.

Net Cash Flow

Net cash flow comprised cash flow from operating activities excluding advance payments received, and cash flow from noncurrent investment activity (excluding securities), taking account of additions from finance leases. The figure for Q1 2013 was €–39.0 million, as against net cash flow of €48.1 million in the prior-year period.

Cash Flow from Financing Activities

First-quarter cash flow from financing activities totaled €–5.8 million (Q1 2012: €328.5 million). It primarily reflects the change in financial liabilities. The prior-year figure was, moreover, influenced by the issuance of promissory notes (German Schuldscheine). Cash and cash equivalents compared to December 31, 2012 were down by €39.7 million (2012: €+251.6 million). The total at the March 31 reporting date was €152.9 million (March 31, 2012: €725.5 million).

Division Results

January 1 through March 31, 2013

T 2.7 Sales

€ million	Q1 2013	Q1 2012	Change in %
WACKER SILICONES	402.1	401.0	0.3
WACKER POLYMERS	226.7	233.8	−3.0
WACKER BIOSOLUTIONS	40.5	41.2	−1.7
WACKER POLYSILICON	235.4	366.6	−35.8
SILTRONIC	171.2	201.1	−14.9
Corporate functions/Other	46.9	42.8	9.6
Consolidation	– 46.5	−92.2	−49.6
Group sales	1,076.3	1,194.3	−9.9

T 2.8 EBIT

€ million	Q1 2013	Q1 2012*	Change in %
WACKER SILICONES	34.1	29.1	17.2
WACKER POLYMERS	26.6	24.9	6.8
WACKER BIOSOLUTIONS	5.2	6.3	−17.5
WACKER POLYSILICON	– 5.1	95.3	n.a.
SILTRONIC	– 22.0	−49.1	−55.2
Corporate functions/Other	– 6.4	−22.2	−71.2
Consolidation	– 0.2	−0.4	−50.0
Group EBIT	32.2	83.9	−61.6

T 2.9 EBITDA

€ million	Q1 2013	Q1 2012*	Change in %
WACKER SILICONES	53.7	49.4	8.7
WACKER POLYMERS	35.7	34.1	4.7
WACKER BIOSOLUTIONS	6.9	7.9	−12.7
WACKER POLYSILICON	52.5	150.1	−65.0
SILTRONIC	0.7	−25.7	n.a.
Corporate functions/Other	15.2	−2.1	n.a.
Consolidation	– 0.2	−0.4	−50.0
Group EBITDA	164.5	213.3	−22.9

T 2.10 Reconciliation with Segment Results

€ million	Q1 2013	Q1 2012*	Change in %
EBIT of reporting segments	38.8	106.5	−63.6
Corporate functions/Other	– 6.4	−22.2	−71.2
Consolidation	– 0.2	−0.4	−50.0
Group EBIT	32.2	83.9	−61.6
Financial result	– 14.6	−13.2	10.6
Income before taxes	17.6	70.7	−75.1

* Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

WACKER SILICONES

T 2.11 WACKER SILICONES

€ million	Q1 2013	Q1 2012	Change in %
Sales			
External sales	402.1	397.0	1.3
Internal sales	0.0	4.0	–100.0
Total sales	402.1	401.0	0.3
EBIT	34.1	29.1	17.2
EBIT margin (%)	8.5	7.3	–
Depreciation	19.6	20.3	–3.4
EBITDA	53.7	49.4	8.7
EBITDA margin (%)	13.4	12.3	–
Investments	14.0	14.2	–1.4
As of	March 31, 2013	Dec. 31, 2012	
Number of employees	4,086	3,960	3.2

In Q1 2013, WACKER SILICONES achieved total sales of €402.1 million, matching the level of Q1 2012 (€401.0 million). Compared with Q4 2012 (€392.0 million), the division increased its sales by just under 3 percent. Amid satisfactory customer demand, the volume of products sold in the first quarter was higher than a year earlier. Plant utilization during the first three months was a good 90 percent. Several production facilities were running at nearly full capacity. Although price pressures continue for standard products, specialty silicones – for medical applications, for example – developed positively. Construction silicones saw volumes weaken, primarily due to the protracted winter in Europe. Overall, raw-material prices changed only marginally compared with a year ago. On the regional front, divisional sales rose year over year in Asia by 11 percent and in the countries combined under “Other regions” by 13 percent. In Europe and the Americas, sales remained at about the prior-year level. In Germany, they were almost 9 percent lower than in the year-earlier period.

EBITDA Increases 9 Percent on Previous Year

WACKER SILICONES posted an increase in its earnings before interest, taxes, depreciation and amortization compared with both Q1 2012 and last year’s fourth quarter. EBITDA for Q1 2013 came in at €53.7 million (Q1 2012: €49.4 million), about 9 percent higher than a year ago. EBITDA more than doubled against Q4 2012 (€22.6 million). Earnings were supported by stronger volumes, satisfactory fixed-cost coverage, material-cost and personnel-cost savings, and newly agreed transfer prices for siloxane in China. The first-quarter EBITDA margin reached 13.4 percent, compared with 12.3 percent in Q1 2012 and 5.8 percent in the preceding quarter.

WACKER SILICONES' investments totaled €14.0 million from January through March 2013 (Q1 2012: €14.2 million). Capital expenditures focused primarily on expanding capacities for downstream silicone products.

To better serve the needs of its customers, especially in growth regions, WACKER SILICONES reorganized its internal structures, effective March 1. The division created a new business team for Asia, for example. The new team will enable it to strengthen its marketing and development expertise in Asia and to intensify its focus on Asia's markets of the future.

As of March 31, 2013, WACKER SILICONES had 4,086 employees (December 31, 2012: 3,960).

WACKER POLYMERS

T 2.12 WACKER POLYMERS

€ million	Q1 2013	Q1 2012	Change in %
Sales			
External sales	221.5	225.8	–1.9
Internal sales	5.2	8.0	–35.0
Total sales	226.7	233.8	–3.0
EBIT	26.6	24.9	6.8
EBIT margin (%)	11.7	10.7	–
Depreciation	9.1	9.2	–1.1
EBITDA	35.7	34.1	4.7
EBITDA margin (%)	15.7	14.6	–
Investments	7.9	11.4	–30.7
As of	March 31, 2013	Dec. 31, 2012	
Number of employees	1,371	1,365	0.4

WACKER POLYMERS achieved total sales of €226.7 million from January through March 2013 (Q1 2012: €233.8 million). Although this was down 3 percent from a year ago, it marked an improvement of more than 3 percent compared with Q4 2012 (€219.2 million). Sales performance was held back by relatively weak construction-sector demand due to the long winter in Europe. Volumes for dispersible polymer powders increased year over year. In dispersions, volumes were moderately below the prior-year figure. Overall, plant utilization at WACKER POLYMERS reached about 70 percent worldwide. Prices for dispersible polymer powders in Q1 2013 were somewhat below the levels of last year's first and fourth quarters. Dispersion prices remained virtually unchanged. Raw-material prices saw only a slight rise compared with last year.

In Q1 2013, the dispersions business for adhesive and carpet applications performed especially well. Demand was slower for nonwoven and packaging applications. Regionally, WACKER POLYMERS increased its sales in Asia by almost 20 percent compared with Q1 2012. The percentage increase in India was particularly strong. In all other regions, sales were between 3 and 8 percent below the respective prior-year figures.

EBITDA Outperforms Last Year's First and Fourth Quarters

WACKER POLYMERS generated first-quarter earnings before interest, taxes, depreciation and amortization of €35.7 million (Q1 2012: €34.1 million) – a rise of just under 5 percent. Higher volumes for dispersible polymer powders, as well as reduced material and personnel costs, were factors contributing to the positive earnings trend. EBITDA more than doubled against Q4 2012 (€17.5 million). From January through March 2013, the EBITDA margin was 15.7 percent (Q1 2012: 14.6 percent). In Q4 2012, the margin had been 8.0 percent.

WACKER POLYMERS invested €7.9 million in the first quarter of 2013 (Q1 2012: €11.4 million). In early February, the division officially started up its new facilities for vinyl acetate-ethylene copolymer (VAE) dispersions at Ulsan in South Korea. With the new reactor line's additional 40,000 metric tons, dispersion capacity there has increased to a total of 90,000 metric tons per year. The production complex is now one of the biggest of its kind in South Korea. At Nanjing in China, the division pressed ahead with expanding its dispersion capacities during the first quarter. In late April, the new facilities there, with an annual capacity of 60,000 metric tons, officially came on stream. The Calvert City site (USA) is also expanding its dispersion capacities, adding 30,000 metric tons per year. WACKER POLYMERS aims to use these additional volumes to securely meet continued growth in paints and coatings, and in the construction, carpet, nonwoven and packaging sectors.

As of March 31, 2013, WACKER POLYMERS had 1,371 employees (December 31, 2012: 1,365).

WACKER BIOSOLUTIONS

T 2.13 WACKER BIOSOLUTIONS

€ million	Q1 2013	Q1 2012	Change in %
Sales			
External sales	40.5	39.9	1.5
Internal sales	0.0	1.3	–100.0
Total sales	40.5	41.2	–1.7
EBIT	5.2	6.3	–17.5
EBIT margin (%)	12.8	15.3	–
Depreciation	1.7	1.6	6.2
EBITDA	6.9	7.9	–12.7
EBITDA margin (%)	17.0	19.2	–
Investments	2.6	2.9	–10.3
As of	March 31, 2013	Dec. 31, 2012	
Number of employees	361	357	1.1

WACKER BIOSOLUTIONS achieved total sales of €40.5 million from January through March 2013 (Q1 2012: €41.2 million). The result was only sightly down on the prior-year figure, but well above Q4 2012 sales (€36.2 million). Compared with last year, sales grew in products for pharmaceuticals and agricultural applications. Volumes for gumbase polymers rose on Q1 2012. Sales for all product lines were higher than last year's fourth quarter, with cysteine delivering an especially strong performance.

In the first three months of 2013, the division's EBITDA decreased year over year by €1.0 million to €6.9 million (Q1 2012: €7.9 million). Earnings were held back by product-mix effects, for example, and by the somewhat lower prices for polyvinyl acetate solid resins. Conversely, first-quarter EBITDA was positively impacted by savings in material and personnel costs. Compared with Q4 2012 (€4.0 million), EBITDA rose by €2.9 million.

In Q1 2013, WACKER BIOSOLUTIONS invested €2.6 million (Q1 2012: €2.9 million). Most of this amount went toward constructing a new facility in Nanjing (China) for polyvinyl acetate solid resins, with an annual capacity of 20,000 metric tons.

Employee numbers at WACKER BIOSOLUTIONS reached 361 on March 31, 2013 (December 31, 2012: 357).

WACKER POLYSILICON

T 2.14 WACKER POLYSILICON

€ million	Q1 2013	Q1 2012	Change in %
Sales			
External sales	216.6	316.6	−31.6
Internal sales	18.8	50.0	−62.4
Total sales	235.4	366.6	−35.8
EBIT	– 5.1	95.3	n.a.
EBIT margin (%)	– 2.2	26.0	–
Depreciation	57.6	54.8	5.1
EBITDA	52.5	150.1	−65.0
EBITDA margin (%)	22.3	40.9	–
Investments	81.1	130.1	−37.7
As of	March 31, 2013	Dec. 31, 2012	
Number of employees	2,161	2,349	−8.0

In a market environment shaped by the ongoing challenges of excess capacity and consolidation throughout the solar industry, WACKER POLYSILICON generated total sales of €235.4 million in the first quarter of 2013 (Q1 2012: €366.6 million) – a decrease of just under 36 percent. The decline was mainly due to solar-silicon prices, which were much lower than a year ago. Compared with the preceding quarter (€213.3 million), WACKER POLYSILICON's sales increased by more than 10 percent. The increase was essentially fueled by markedly higher volumes. Thanks to strong growth in demand, short-time work ended in February for about 700 employees at Burghausen's polysilicon production facilities. Consequently, WACKER POLYSILICON ramped up production capacity to over 90 percent.

Earnings Reflect Huge Slump in Solar-Silicon Prices – EBITDA Margin Declines to 22.3 Percent

Due to the substantial drop in solar-silicon prices, WACKER POLYSILICON's earnings before interest, taxes, depreciation and amortization decreased by 65 percent year over year, to €52.5 million (Q1 2012: €150.1 million). EBITDA included €32.2 million from retained advance payments and damages for terminated polysilicon contracts (Q1 2012: €36.6 million). In last year's fourth quarter, these items had amounted to €56.7 million. EBITDA in Q1 2013 also benefited from savings in material and personnel costs. Conversely, earnings were reduced by the fixed-cost coverage, which remained poor at the start of the year as a result of the low plant-utilization rate during the first few weeks of the reporting period. In Q4 2012, the division had posted EBITDA of €78.2 million. The EBITDA margin showed a corresponding trend, dropping from 40.9 percent in the first quarter of 2012 and 36.7 percent in the fourth quarter of 2012 to 22.3 percent in the first quarter of 2013.

WACKER POLYSILICON invested a total of €81.1 million in the period January through March 2013 (Q1 2012: €130.1 million), almost 38 percent down on a year ago. The division's investment activities continued to center on constructing the new polysilicon site at Charleston (Tennessee, USA). Given current excess polysilicon capacities, WACKER slowed the pace somewhat at the Charleston project to better align capacity expansion with market demand and, at the same time, to ease the burden on the Group's cash flow. The completion of the site is now planned for mid-2015. Owing to inflation, total investments in Charleston will rise by about 10 percent to US$2 billion. At the same time, annual nominal capacity there is expected to rise to over 20,000 metric tons, since the extended construction period will make it possible to optimize plant technology and production processes.

WACKER POLYSILICON had 2,161 employees as of March 31, 2013 (December 31, 2012: 2,349).

SILTRONIC

T 2.15 SILTRONIC

€ million	Q1 2013	Q1 2012	Change in %
Sales			
External sales	169.7	199.2	−14.8
Internal sales	1.5	1.9	−21.1
Total sales	171.2	201.1	−14.9
EBIT	− 22.0	−49.1	−55.2
EBIT margin (%)	− 12.9	−24.4	–
Depreciation	22.7	23.4	−3.0
EBITDA	0.7	−25.7	n.a.
EBITDA margin (%)	0.4	−12.8	–
Investments	8.3	16.4	−49.4
As of	March 31, 2013	Dec. 31, 2012	
Number of employees	3,890	3,978	−2.2

Weak semiconductor-wafer demand and persistent price pressure dampened Siltronic's sales in Q1 2013. The division reported total sales of €171.2 million for the first three months, down almost 15 percent from the same quarter last year (€201.1 million) and just over 7 percent lower than Q4 2012 (€184.7 million). Overall, volumes were slightly below the levels of a year ago and of the preceding quarter. In the 300 mm wafer segment, Siltronic posted volume growth compared with Q1 2012. The other wafer diameters saw volumes weaken. Prices dropped significantly. On average, they were 7 percent below the prior-year level. Compared with Q4 2012, prices declined by about 10 percent. During the period under review, average plant utilization was around 70 percent. At Siltronic Samsung Wafer, a joint venture for making 300 mm wafers in Singapore, production was running at almost full capacity on average in the January-through-March quarter.

Siltronic Achieves Break-Even EBITDA in First Quarter

Although silicon-wafer prices were much lower than a year ago, Siltronic's first-quarter earnings before interest, taxes, depreciation and amortization remained just above the break-even point. Significant production-cost improvements on last year more than compensated for the price decline. EBITDA in Q1 2013 also benefited from savings in material and personnel costs. Conversely, exchange-rate effects stemming from both a weaker US dollar and yen slowed earnings. Siltronic generated total EBITDA of €0.7 million in the first quarter (Q1 2012: €−25.7 million). A year ago, EBITDA had included non-recurring expenses of €14.8 million in connection with the closure of the 150 mm wafer line at the Portland site. In Q4 2012, Siltronic generated EBITDA of €3.5 million. The EBITDA margin moved from −12.8 percent in Q1 2012 and 1.9 percent in Q4 2012 to 0.4 percent in the first quarter of 2013.

Siltronic invested €8.3 million in the first quarter (Q1 2012: €16.4 million).

The division had 3,890 employees on March 31, 2013 (December 31, 2012: 3,978).

Other

First-quarter sales for activities posted under “Other” came in at €46.9 million (Q1 2012: €42.8 million). “Other” EBITDA for Q1 2013 was €15.2 million (Q1 2012: €–2.1 million).

As of March 31, 2013, the “Other” segment had 4,379 employees, compared with 4,283 on December 31, 2012.

Risks and Opportunities

Economic Risks and Sector-Specific Challenges Posed by Solar and Semiconductor Markets Require Alertness and Flexibility

As a globally active specialty-chemical and semiconductor company, WACKER is, on the one hand, exposed to numerous risks directly attributable to its operational activities. On the other hand, 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 WACKER. The Group's risk management complies not only with legal requirements, but is also a component in all decisions and business processes. Its goal is to identify risks as early as possible, to evaluate them appropriately, and to limit them through suitable measures. Compared with the previous year, no fundamental changes were made to the WACKER Group's existing risk management system during the first quarter of 2013.

WACKER counters risks that might be caused by a global economic downturn by continuously observing economic trends and customer demand behavior in all key markets and regions. Management can act as necessary to swiftly and flexibly adjust production capacities, resources and inventories to meet customer demand. For instance, in response to declining business in the WACKER POLYSILICON and Siltronic divisions in 2012, the number of temporary workers was reduced, short-time work was introduced and the scheduled recruitment of additional personnel was postponed. Once demand for polysilicon rose noticeably again at the start of the current year, short-time work stopped at the Burghausen site's production facilities.

If the price and volume pressure on WACKER products increases, for example due to overcapacity in the market, the divisions can align their production flexibly and perform intelligent quantity controls to ensure appropriate plant-utilization rates. It is WACKER's express policy to expand the share of product sectors in its portfolio that have a higher degree of resilience to changes in the economic environment. By cooperating closely with customers, the Group succeeds in opening up the way to novel applications, thus fostering long-term customer retention.

The risk of overcapacity and, hence, price pressure on chemical-sector products will persist in 2013. In the Asian market, WACKER SILICONES and WACKER POLYMERS are facing overcapacities for silicone products, as well as for dispersions and dispersible polymer powders. Due to the strong position enjoyed by WACKER in these markets, however, it can be assumed that the capacity utilization of the Group's plants will continue to be high.

The photovoltaic industry continues to suffer from production overcapacity and price pressure at all stages of the value chain. The industry's consolidation process will continue in 2013 as well. There remains a high risk that not all the volumes manufactured will be sold to customers. While state incentives for photovoltaics in certain European countries were cut, other countries such as China, Japan and the USA considerably expanded their incentive programs. At the same time, the marked downturn in prices for polysilicon, wafers, cells and modules makes photovoltaics more competitive. This in turn makes the levelized cost of photovoltaics more competitive compared to generated electricity or other renewable energy sources. This trend will make it potentially easier to access new markets and will promote further growth in the global market for photovoltaic applications. Overall, as a cost and quality leader, WACKER stands a good chance of emerging from this consolidation process with renewed strength.

The ongoing anti-dumping and anti-subsidy proceedings against Chinese solar companies in Europe and the Chinese government's launch of anti-dumping and anti-subsidy proceedings against European polysilicon manufacturers present WACKER's polysilicon business with a risk, albeit one which, for the time being, can be assessed only to a limited extent. By actively participating in these proceedings, WACKER is striving to prevent the imposition of punitive tariffs not only on Chinese solar manufacturers but also on polysilicon producers delivering into China. WACKER has been registered by the EU as an interested party affected by the outcome of its proceedings. WACKER rejects all forms of restraints on trade. For the proceedings against polysilicon manufacturers from outside China, WACKER cooperates with the Chinese Ministry of Commerce. A decision in both sets of proceedings is expected by mid-2013. The proceedings instigated by the Chinese Ministry of Commerce allow for an interim judgment, scheduled for the end of June 2013.

It is unclear what verdicts the EU and the Chinese Ministry of Commerce will reach in their respective cases. However, if both sides impose substantial punitive tariffs, there is a high risk to the future development of WACKER POLYSILICON, because our business would be seriously affected, and the asset value of our production facilities could be impacted.

The market environment in 2013 will remain challenging for the semiconductor industry, too. Although this sector will continue to expand overall, cyclical fluctuations and intense competition will maintain the pressure on volumes and prices. The alignment of production capacities for silicon-wafer diameters smaller than 300 mm has improved Siltronic's capacity utilization. Siltronic is making every effort to further increase the productivity and effectiveness of its business processes.

Since raw-material and energy-price expenditures across the WACKER Group account for a considerable portion of the cost of goods sold, procurement-market price trends and the availability of certain raw materials have a crucial impact on earnings and entrepreneurial success. Management therefore regularly performs risk monitoring ("raw-material matrix") for strategic raw materials and energy. This matrix is a clear, quick way of pinpointing existing risks and is the starting point for developing strategies and measures for the procurement of raw materials. WACKER minimizes procurement risks through long-term supply contracts with highly creditworthy partners, through centrally negotiated procurement agreements and by having multiple suppliers for any one product. On the electricity market, the company practices structured procurement, i.e. purchasing electricity at different moments in time while simultaneously covering its remaining needs on the spot market.

WACKER has positioned itself well in energy and raw-material procurement to better manage the risks inherent in both economic upturns and downturns. If the global economy should weaken markedly, the contracts for key raw materials make it possible to adjust purchase volumes flexibly and to pass on price decreases – wherever possible – through escalator clauses. If the global economy grows, there are volume and price guarantees.

Currency-exchange risks primarily arise from exchange-rate fluctuations for receivables, liabilities, and cash and cash equivalents not held in euros. The currency risk stemming from financial instruments is of particular importance in respect of the US dollar, Japanese yen, Singapore dollar and Chinese renminbi. With the exception of the Chinese renminbi, WACKER hedges the resultant net exposure – as of a certain level – via derivative financial instruments. In addition, WACKER counters exchange-rate risks through its local production sites, and through local bank financing.

WACKER hedges part of its business conducted in US dollars, Japanese yen and Singapore dollars. It cannot be ruled out that the euro trend in 2013 will be less favorable against the main foreign currencies relating to WACKER. The possible impact of a stronger euro against the US dollar will be partially cushioned by hedging measures. If Siltronic's Japanese competitors adjust their pricing policy accordingly, the weaker yen may lead to lower wafer prices.

WACKER's Broad Product Portfolio Meets Global Megatrends and Developments

Although the economic environment is becoming tougher, WACKER sees good opportunities to develop successfully and to grow, particularly in new markets and sales regions. The focus here is on Brazil, China, India and the Middle East. China and Southeast Asia will remain the strongest drivers of growth. To seize such opportunities, WACKER is steadily expanding its presence in these markets. The Group's technical competence centers and its WACKER ACADEMY are key to achieving WACKER's high standard of service and customer proximity.

Sector-specific opportunities are mainly due to WACKER's extensive product portfolio, which enables it to satisfy global megatrends with great success. These trends remain as important as ever to company business.

Rising prosperity in Asia's growth markets and in the emerging economies of other regions is fueling the need for high-quality products that incorporate silicones. By 2014, the market for silicone products should expand to €11.1 billion – growing at an average of 6 percent annually. In almost every sector, WACKER SILICONES offers products and solutions that support rising prosperity and promote urbanization, infrastructure expansion and environmental protection.

Energy remains a key megatrend, with the photovoltaic industry playing a major part here. The competitiveness of the solar industry compared to other energy sources continues to spur demand for solar installations. All around the globe, the use of renewable energy is increasing. Some countries and regions are supplanting Germany as the key market. The main examples here are China, the USA and Japan. As a polysilicon producer and cost and quality leader, WACKER POLYSILICON will benefit from this trend.

WACKER POLYMERS supplies innovative energy-efficient products for the thermal insulation of buildings, for example. The Chinese government has cited energy conservation as one of its key environmental goals for the next few years. Thanks to its products, WACKER can play a significant role here.

As a producer of silicon wafers for the semiconductor industry, WACKER will continue to benefit from the progress being made in the digital information processing and storage market. The demand for silicon wafers is climbing, fueled by semiconductor products for consumer electronics and by volume growth in Asia. The market share of 300 mm wafers is rising. WACKER currently has sufficient capacity to participate in this growth following the expansion measures at Siltronic Samsung Wafer, a Singapore-based joint venture.

Further opportunities arise through developing high-quality WACKER products that can be used to substitute other products. WACKER POLYMERS sees potential for growth, for example, in the substitution of styrene-butadiene with VAE dispersions. The high price of crude oil and the lack of supply security following the switch from oil to ethane by American crackers have prompted many paper and carpet manufacturers to turn to cost-effective VAE dispersions.

WACKER SILICONES aims to sell more products for specialty applications and, to that end, the division is developing a host of new products and applications, for example, thermoplastic silicone elastomers. Their prime advantage is that crosslinking can be reversed under heat, via established technology, and that they retain their typical silicone characteristics. They are used in photovoltaics, in medical technology and in film and sheet manufacturing.

Growth opportunities will also arise from setting up a new development center for consumer electronics in South Korea, the international hub of this industry. The new "Center of Excellence Electronics" will focus on developing new products and tailored high-tech solutions for the electronics industry, and on implementing customer requirements with greater speed and ease.

Through its "Wacker Operating System" (WOS), WACKER optimizes processes and increases productivity, each year fine-tuning the main levers within its supply chain so as to become even better. The overriding objective is to defend WACKER's superior cost and quality position against competitors. During 2013, a key priority will be to substantially cut costs in polysilicon production processes. The sales organization, technical competence centers and WACKER ACADEMY will continue expanding. For instance, WACKER has now enlarged its technical competence center in Brazil. Having an even stronger market presence will create opportunities to enhance market share.

The specific risks facing 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 the "Risk Report" section on pages 121 to 135 of our current 2012 Annual Report. The assessments we made there did not change substantially in the period under review.

Executive Board Evaluation of Overall Risk

One new sales-market risk for WACKER emerged in 2012 in the shape of anti-dumping and anti-subsidy proceedings instigated in Europe against Chinese solar businesses, as well as the anti-dumping and anti-subsidy proceedings brought against European polysilicon manufacturers by the Chinese government. The outcome of these proceedings is uncertain and poses a significant risk for WACKER's polysilicon business. The overall risk has therefore increased, although all other risks stated in the 2012 Annual Report have remained more or less constant. As per this report's publication date, however, the Executive Board does not, overall, see any individual or aggregate risk that could endanger WACKER's future in any material way. Market risks in the photovoltaic industry, which is marked by overcapacity and price pressure along the entire supply chain, as well as intra-sector consolidation, continue to impede polysilicon business. Despite these risks, WACKER still sees good opportunities for success in this market over the medium to long term. WACKER remains strategically and financially well placed to take advantage of any opportunities that arise.

Munich, April 30, 2013
Wacker Chemie AG's Executive Board

Events after the Balance Sheet Date

of March 31, 2013

On April 23, 2013, Wacker Chemie AG issued senior unsecured notes in a private placement on the US market. The notes were offered with three maturities of five, seven and ten years, respectively. Totaling US$ 400 million, the transaction includes standard market terms.

No other material events occurred between the balance sheet date of March 31, 2013 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

World Economy Remains on Moderate Growth Path

After a hesitant start to 2013, the world economy will resume its gradual upturn during the rest of the year, although downside risks are still significant. The top priorities for policymakers, especially in Europe and the USA – namely to eliminate the causes and symptoms of the sovereign-debt and financial crisis and to bolster economic momentum – have not changed.

According to the latest projections of the International Monetary Fund (IMF), the global economy will grow 3.3 percent in 2013, with the pace increasing slightly in 2014, to 4.0 percent. As in the past, the main growth drivers are the emerging countries of Asia, South America and Eastern Europe. In emerging markets, GDP is expected to climb 5.3 percent this year and 5.7 percent next year. In advanced economies, the IMF's estimates are for 1.2 percent growth in 2013 and 2.2 percent in 2014.[1]

China and India will continue to expand at an above-average pace. This year, the IMF expects growth of 8.0 percent in China and 5.7 percent in India, rising to 8.2 percent and 6.2 percent, respectively, in 2014. The Japanese government is counting on its extensive stimulus package to provide the necessary growth impetus to offset export weakness and the drawbacks of an unfavorable yen exchange rate. In Japan, the IMF predicts GDP growth of 1.6 percent this year and 1.4 percent in 2014.[1]

Key challenges facing the USA remain high unemployment and the "sequester" cuts to federal spending that have come into force. The IMF forecasts an economic revival there in the second half of 2013, with GDP growth coming in at 1.9 percent for the full year and gaining momentum to reach 3.0 percent in 2014.[1]

The eurozone economies will strengthen during the course of 2013, albeit with varying intensity. For example, Germany is expected to post positive growth this year, while Italy and Spain will not see GDP climbing until next year. According to IMF projections, overall eurozone GDP growth will again be slightly negative at –0.3 percent. For 2014, the IMF's experts anticipate growth of 1.1 percent.[1]

The markets where WACKER operates will develop in line with prevailing economic trends. Market analysts expect both the chemical and construction industries to grow globally, though the pace will vary greatly from region to region.[2]

In semiconductors, Gartner, the market research institute, estimates that silicon-wafer sales by surface area sold will climb 4.4 percent this year. Growth in the 300 mm wafer segment is expected to reach 5.8 percent, somewhat higher than for the other diameters. Gartner's 2014 projections are for further increases in worldwide volumes – with the overall market expanding by 10.5 percent and the 300 mm segment by 12.6 percent. A decisive factor, however, will be whether price pressures in this segment persist.[3]

[1] International Monetary Fund, World Economic Outlook: Hopes, Realities, Risks; Washington, April 16, 2013
[2] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 4th quarter 2012: Chemistry in Germany: Light at the end of the tunnel, Frankfurt, March 7, 2013
[3] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 1Q13 Update, Stamford (USA), March 5, 2013

Developments on the photovoltaic market continue to be shaped by excess production capacity and price pressures. The market also faces another hurdle – anti-dumping investigations by the EU against Chinese solar manufacturers, and by the Chinese Ministry of Commerce against foreign polysilicon manufacturers. The consolidation process in the industry will continue. The substantial fall in prices along the entire supply chain, though, has made photovoltaics even more competitive compared with other energy sources. Increased competitiveness is opening up new markets and promoting global growth in the solar-applications market. Europe, led by Germany and Italy, has been the largest market to date. Over the next two years, other countries outside Europe will grow at a faster rate. According to the European Photovoltaic Industry Association, countries with additional growth potential include China, the USA, Japan, India and South Africa.[1] Globally, WACKER expects newly installed photovoltaic capacity to come in at between 35 and 40 gigawatts this year.

Future Developments at the WACKER Group

WACKER will drive forward its international expansion this year. Given the overall weakness of global economic growth, Europe is unlikely to provide any major impetus for WACKER's five business divisions. Additional demand will come mainly from the BRIC countries and other emerging markets.

With organic growth as its ongoing priority, WACKER sees good potential for expansion in key applications and markets. Growth markets are Brazil, China, India, Southeast Asia and the Middle East. Of these, China offers the greatest potential. WACKER also sees opportunities for generating higher revenues in the USA, an established market.

In 2013, three factors will continue to shape WACKER's strategy: expansion into emerging markets and regions, innovations, and the substitution of existing market offerings with WACKER products. Additionally, the Group will be placing special emphasis this year on resource management. Essentially, this means pursuing investment policies that are cash flow oriented. WACKER aims to increase competition in procurement and when expanding its global supplier base. The Group is reducing both its material and payroll expenses and implementing a conservative hiring policy. Productivity is to be enhanced through selective measures, especially at WACKER POLYSILICON and Siltronic.

WACKER will strategically expand its network of technical competence centers and its WACKER ACADEMY locations. Worldwide, WACKER aims to transfer greater operational responsibility to its regions, so that it can develop products that are tailored even more closely to local requirements.

[1] European Photovoltaic Industry Association (EPIA), Market Report 2012, Brussels, February 2013

Investment Spending to Decline to Nearly Half of Last Year's Level

Capital expenditure will be below €600 million in full-year 2013. It is unlikely that this amount will be completely covered by the cash flow expected from operating activities. Depreciation will reach about €550 million this year. Investments remain focused on completing the new polysilicon site in the US state of Tennessee.

Additionally, WACKER is expanding its polymers site in Nanjing, China. WACKER POLYMERS has doubled its capacity there by adding a new dispersions reactor with an annual output of 60,000 metric tons. WACKER BIOSOLUTIONS is also building a new polyvinyl acetate solid resins plant in Nanjing, with an annual capacity of 20,000 metric tons. The dispersions facility came on stream at the end of April and the plant for polyvinyl acetate solid resins is expected to start up toward the end of the current year. These two investment projects will strengthen WACKER's position as the world's leading manufacturer of VAE dispersions and of polymers for gumbase.

WACKER is also ramping up its dispersions capacity at Calvert City (USA) by an additional 30,000 metric tons per year.

At WACKER SILICONES, 2013 will see the Group investing in facilities for manufacturing downstream products.

At Siltronic, capital expenditures are focused on meeting the latest design rules for 300 mm technology.

Financial Liabilities Increase Further

Net financial liabilities will continue to rise during the year. Net cash flow will remain negative, but a considerable year-on-year improvement is expected. WACKER is currently shipping polysilicon orders for which customers made advance payments in recent years. The amortization of these advance payments reduces the company's incoming cash flow from sales. The delayed start-up of the Tennessee polysilicon site and reduced investment spending relieve cash flow by several hundred million euros.

The main aspects of the Group's financing policy remain valid. Even amid higher debt in 2013, WACKER will stay focused on a strong financial profile, with a sound capital structure and a healthy maturity schedule for its debt.

Innovations and Productivity Gains Strengthen Market Presence and Competitive Edge

Research and development at WACKER remains concentrated on key strategic projects. In 2013, these projects will account for about 25 percent (2012: 21 percent) of the Group's R&D budget, which will have roughly the same volume as last year (2012: €175 million). R&D priorities remain the highly promising fields of energy, catalysis, biotechnology, construction applications and semiconductors. WACKER is devoting particular attention to energy storage and renewable energy generation.

To enhance productivity, WACKER will press ahead with implementing the groupwide "Wacker Operating System" (WOS), which scrutinizes all the main productivity levers (such as raw-material and energy efficiency, capacities, and labor productivity). The emphasis is on measures that have a high economic impact on cost-benefit ratios.

To enhance energy efficiency and reduce specific energy consumption (amount of energy per unit of net production output), WACKER's Executive Board set groupwide energy targets – thereby also meeting one of the requirements for ISO 50001 certification. From

2007 to 2012, WACKER already reduced its specific energy consumption by 22 percent. A further reduction of 11 percent between 2013 and 2022 is now the target.

WACKER will adopt a conservative approach toward hiring new employees. In 2013, restructuring at Siltronic will result in further job cuts at manufacturing facilities for 150 mm wafers. As was the case in 2012, the current plan is to avoid involuntary layoffs. With a few exceptions, temporary employment contracts were not extended beyond January 2013. Overall, WACKER's workforce will grow slightly in 2013 amid higher production volumes.

Please refer to the Outlook section on pages 147 to 160 of WACKER's 2012 Annual Report 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 2013.

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

Our 2012 Annual Report (pages 49 to 62) provides detailed explanatory notes on the individual aspects of the Group's structure and its activities, organization and decision-making, as well as on corporate goals, strategy, financing, control of operational processes, and the strategies of the Group's five business divisions.

The Executive Board's Overall Expectations for Corporate Performance

The main assumptions underlying WACKER's plans relate to raw-material and energy costs, to personnel expenses and to exchange rates. For 2013, WACKER has established a base exchange rate of US$1.35 and ¥120 to €1. We estimate that volumes will rise at every division in 2013. Our planning will continue to assume lower silicon-wafer prices. In our polysilicon planning, prices are set at Q4 2012 levels.

On this basis, the Executive Board continues to anticipate that the Group's 2013 sales will reach the prior-year level. This forecast assumes that no tariffs will be imposed between key trading partners and that semiconductor demand will pick up in the second half of 2013. The economic uncertainties mean the actual performance of the WACKER Group and its divisions could depart from these assumptions, either positively or negatively. From today's perspective, the chemical divisions will generate sales growth. Conversely, sales will decline at WACKER POLYSILICON and Siltronic.

As already forecast in the 2012 Annual Report, Group EBITDA for 2013 is expected to remain below the prior-year level, primarily due to weaker year-on-year prices for polysilicon and for semiconductor wafers. At the chemical divisions, EBITDA is projected to rise further compared with 2012. Expectations for WACKER POLYSILICON point toward a substantial EBITDA contribution. Based on the polysilicon prices in our planning, though, the division's earnings will not reach last year's figure. At Siltronic, today's perspective does not offer any signs of a major EBITDA improvement on the year-earlier period.

In our planning, Group net income will be slightly positive amid a year-on-year increase in depreciation and a higher negative financial result.

Munich, April 30, 2013
Wacker Chemie AG's Executive Board

Consolidated Statement of Income

January 1 through March 31, 2013

T 3.1 Consolidated Statement of Income

€ million	Q1 2013	Q1 2012*	Change in %
Sales	1,076.3	1,194.3	–9.9
Cost of goods sold	– 952.4	–977.8	–2.6
Gross profit from sales	123.9	216.5	–42.8
Selling expenses	– 65.0	–67.6	–3.8
Research and development expenses	– 40.1	–43.3	–7.4
General administrative expenses	– 24.4	–30.6	–20.3
Other operating income	120.7	94.6	27.6
Other operating expenses	– 72.4	–82.8	–12.6
Operating result	42.7	86.8	–50.8
Result from investments in joint ventures and associates	– 10.5	–3.0	>100
Other investment income	0.0	0.1	–100.0
EBIT (earnings before interest and taxes)	32.2	83.9	–61.6
Interest income	4.0	3.9	2.6
Interest expenses	– 8.3	–4.6	80.4
Other financial result	– 10.3	–12.5	–17.6
Financial result	– 14.6	–13.2	10.6
Income before taxes	17.6	70.7	–75.1
Income taxes	– 12.5	–28.9	–56.7
Net income for the period	5.1	41.8	–87.8
Of which			
Attributable to Wacker Chemie AG shareholders	4.1	43.3	–90.5
Attributable to non-controlling interests	1.0	–1.5	n.a.
Earnings per share (basic/diluted) (€)	0.08	0.87	–90.5
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–

* Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

Consolidated Statement of Comprehensive Income

January 1 through March 31, 2013

T 3.2 January to March

€ million	2013			2012*		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			5.1			41.8
Items not subsequently reclassified to the statement of income						
Remeasurements of defined benefit plans	51.6	–11.1	40.5	–147.2	39.6	–107.6
Sum of items not reclassified to the statement of income	51.6	–11.1	40.5	–147.2	39.6	–107.6
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustments	25.5	–	25.5	–9.7	–	–9.7
Changes in market values of the securities available for sale	–0.1	–	– 0.1	0.4	–	0.4
Changes in market values of derivative financial instruments (cash flow hedge)	–10.9	3.0	–7.9	12.0	–3.3	8.7
Of which recognized in profit and loss	0.2	–	0.2	–4.1	1.1	–3.0
Hedges of net investments in foreign operations	4.1	–	4.1	–	–	–
Share of cash flow hedge in associates accounted for using the equity method	–0.7	–	–0.7	0.7	–	0.7
Non-controlling interests	0.6	–	0.6	–0.3	–	–0.3
Sum of items reclassified to the statement of income	18.5	3.0	21.5	3.1	–3.3	–0.2
Income and expenses recognized in equity	70.1	–8.1	62.0	–144.1	36.3	–107.8
Total income and expenses reported			67.1			–66.0
Of which						
Attributable to Wacker Chemie AG shareholders			65.5			–64.2
Attributable to non-controlling interests			1.6			–1.8

* Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

Consolidated Statement of Financial Position

March 31, 2013

T 3.3 Assets

€ million	March 31, 2013	March 31, 2012*	Change in %	Dec. 31, 2012*	Change in %
Intangible assets	23.6	28.8	−18.1	25.5	−7.5
Property, plant and equipment	3,951.4	3,532.5	11.9	3,922.9	0.7
Investment property	1.5	1.5	–	1.5	–
Investments in joint ventures and associates accounted for using the equity method	32.3	119.7	−73.0	41.0	−21.2
Financial assets	279.5	142.5	96.1	269.8	3.6
Noncurrent securities	33.3	170.5	−80.5	61.1	−45.5
Other assets	8.7	7.5	16.0	7.3	19.2
Tax receivables	32.0	11.8	>100	24.5	30.6
Deferred tax assets	185.7	104.4	77.9	182.0	2.0
Noncurrent assets	4,548.0	4,119.2	10.4	4,535.6	0.3
Inventories	672.7	685.6	−1.9	712.1	−5.5
Trade receivables	661.2	685.4	−3.5	600.2	10.2
Other assets	121.0	153.7	−21.3	118.5	2.1
Tax assets	70.4	87.4	−19.5	90.8	−22.5
Current securities	207.4	220.4	−5.9	243.0	−14.7
Cash and cash equivalents	152.9	725.5	−78.9	192.6	−20.6
Current assets	1,885.6	2,558.0	−26.3	1,957.2	−3.7
Total assets	6,433.6	6,677.2	−3.6	6,492.8	−0.9

* Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

T 3.4 Equity and Liabilities

€ million	March 31, 2013	March 31, 2012*	Change in %	Dec. 31, 2012*	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	2,005.2	2,033.0	–1.4	2,001.1	0.2
Other equity items	– 209.7	–93.6	>100	–271.1	–22.6
Equity attributable to Wacker Chemie AG shareholders	2,168.6	2,312.5	–6.2	2,103.1	3.1
Non-controlling interests	19.8	24.5	–19.2	18.2	8.8
Equity	2,188.4	2,337.0	–6.4	2,121.3	3.2
Provisions for pensions	1,204.5	983.9	22.4	1,240.8	–2.9
Other provisions	159.4	181.8	–12.3	159.4	–
Tax provisions	34.1	63.8	–46.6	32.1	6.2
Deferred tax liabilities	2.5	1.8	38.9	2.8	–10.7
Financial liabilities	941.6	950.9	–1.0	958.5	–1.8
Other liabilities	746.5	959.1	–22.2	816.6	–8.6
Noncurrent liabilities	3,088.6	3,141.3	–1.7	3,210.2	–3.8
Other provisions	104.2	143.4	–27.3	100.7	3.5
Tax provisions	45.9	18.1	>100	42.3	8.5
Tax liabilities	14.6	16.1	–9.3	17.2	–15.1
Financial liabilities	252.1	146.4	72.2	238.7	5.6
Trade payables	342.6	375.6	–8.8	379.8	–9.8
Other liabilities	397.2	499.3	–20.4	382.6	3.8
Current liabilities	1,156.6	1,198.9	–3.5	1,161.3	–0.4
Liabilities	4,245.2	4,340.2	–2.2	4,371.5	–2.9
Total equity and liabilities	6,433.6	6,677.2	–3.6	6,492.8	–0.9

* Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

Consolidated Statement of Cash Flows

January 1 through March 31, 2013

T 3.5 Statement of Cash Flows

€ million	Q1 2013	Q1 2012*	Change in %
Net income for the period	5.1	41.8	–87.8
Depreciation/appreciation of noncurrent assets	132.3	129.4	2.2
Changes in provisions	29.6	50.0	–40.8
Changes in deferred taxes	– 12.0	–11.5	4.3
Changes in inventories	47.4	19.1	>100
Changes in trade receivables	– 51.6	–134.3	–61.6
Changes in other assets	8.8	8.6	2.3
Changes in advance payments received	– 58.3	–33.0	76.7
Changes in other liabilities	4.1	73.0	–94.4
Changes from equity accounting	10.5	3.0	>100
Other non-cash expenses, income and other items	–38.4	20.3	n.a.
Cash flow from operating activities (gross cash flow)	77.5	166.4	–53.4
Cash receipts and payments for investments	– 175.3	–248.0	–29.3
Proceeds from the disposal of noncurrent assets	0.5	0.5	–
Cash flow from noncurrent investment activities before securities	– 174.8	–247.5	–29.4
Cash receipts and payments for the acquisition/disposal of securities	62.3	5.1	>100
Cash flow from investment activities	– 112.5	–242.4	–53.6
Changes in financial liabilities	– 5.8	328.5	n.a.
Cash flow from financing activities	– 5.8	328.5	n.a.
Changes due to exchange-rate fluctuations	1.1	–0.9	n.a.
Changes in cash and cash equivalents	– 39.7	251.6	n.a.
At the beginning of the period	192.6	473.9	–59.4
At the end of the period	152.9	725.5	–78.9
Additional information			
Additions from finance leases	–	–	–

* Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

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

January 1 through March 31, 2013

T 3.6 Consolidated Statement of Changes in Equity

€ million	Sub-scribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2012 (as previously reported)	260.8	157.4	–45.1	2,216.4	13.9	2,603.4	26.3	2,629.7
Effects of retroactive application of IAS 19 (revised)	–	–	–	–226.7	–	–226.7	–	–226.7
Jan. 1, 2012*	260.8	157.4	–45.1	1,989.7	13.9	2,376.7	26.3	2,403.0
Net income for the period	–	–	–	43.3	–	43.3	–1.5	41.8
Income and expenses recognized in equity	–	–	–	–	–107.5	–107.5	–0.3	–107.8
March 31, 2012*	260.8	157.4	–45.1	2,033.0	–93.6	2,312.5	24.5	2,337.0
Jan. 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

T 3.7 Reconciliation of Other Equity Items

€ 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)	Remeasurements of defined benefit plans	Effects of net investments in foreign operations	Total (excluding non-controlling interests)
Jan. 1, 2012	0.9	16.8	–3.8	–	–	13.9
Additions	0.4	–	0.4	–107.6	–	–106.8
Other changes	–	–	12.0	–	–	12.0
Reclassification in the statement of income	–	–	–3.0	–	–	–3.0
Changes in exchange rates	–	–9.7	–	–	–	–9.7
March 31, 2012*	1.3	7.1	5.6	–107.6	–	–93.6
Jan. 1, 2013	1.4	3.8	2.4	–278.7	–	–271.1
Additions	–	–	–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

* Adjusted for the effects of the adoption of IAS 19 (revised), see Changes in Accounting and Valuation Methods in the Notes section.

Notes

January 1 through March 31, 2013

Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of March 31, 2013 have been prepared in accordance with Section 37x WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”) and with the rules of International Accounting Standard (IAS) 34 as applicable in the European Union, and are presented in condensed form, maintaining unchanged the accounting and valuation methods applied in fiscal 2012. The interim Group management report has been prepared in compliance with the applicable requirements of the WpHG. New accounting standards were introduced in 2013, but except for IAS 19 “Employee Benefits” they had no substantial impact on WACKER’s accounting and valuation methods. The amendments to IAS 19 (revised in 2011) and to the other newly applicable standards are described in detail in the “Changes in Accounting and Valuation Methods” section.

The preparation of the interim financial statements necessitates 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 the assumptions and estimates made if the economic conditions mentioned earlier do not develop in line with the expectations as per 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. WACKER’s current expected effective tax rate for the full year serves as a basis for calculation.

First-time application of IAS 19 (revised 2011) in fiscal 2013 necessitates the reassessment of net pension obligations as per each closing date. The discount factor must be recalculated as per each closing date. As of March 31, 2013, discount factors of 3.6 percent in Germany and 4.3 percent in the USA were used to determine the net pension obligations (March 31, 2012: 4.1 percent in Germany and 4.8 percent in the USA). As per December 31, 2012, the actuarial interest rate was 3.5 percent in Germany and 4.0 percent in the USA.

In Q1 2013, WACKER defined a long-term loan denominated in a foreign currency as a net investment in a foreign operation in accordance with IAS 21. The currency translation differences in connection with this loan are recognized separately within other comprehensive income in equity.

As an information tool, interim financial reporting builds on the consolidated financial statements at year-end. The accounting, valuation and consolidation methods used and the exercising of options envisaged in IFRS are explained in detail there. We refer to the Notes as of December 31, 2012 for further explanations.

As already reported in the 2012 Annual Report (Outlook section), the Executive Board's composition has changed effective January 1, 2013. The appointment of Dr. Tobias Ohler to the Executive Board of Wacker Chemie AG prompted a reorganization of board responsibilities. Aside from this, there have been no changes in the legal corporate or organizational structures as presented in the 2012 Annual Report. There were no disclosure obligations in the interim period in respect of any misinterpretations in previous reporting periods.

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 in 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

We refer to the consolidated financial statements as of December 31, 2012, with regard to the disclosures on other financial obligations.

No further material changes have arisen in the first quarter of 2013 compared with the information provided in the 2012 Annual Report.

New Accounting Standards

The following standards and interpretations of the IASB were applied for the first time in the first three months of 2013:

Standard/ Interpretation		Mandatory from	Endorsed by EU	Substantial Changes and Anticipated Impact on WACKER
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012	June 5, 2012	The application of the revised standard has no impact on WACKER's earnings, net assets or financial position. The presentation of items of other comprehensive income in WACKER's financial statements has been enhanced.
Amendments to IAS 19	Employee Benefits	Jan. 1, 2013	June 5, 2012	The amendments to IAS 19 affect the recognition and measurement of the expense for defined benefit pension plans and termination benefits. They will also result in wider disclosure requirements regarding employee benefits. The option of accounting for actuarial gains and losses using the corridor method has been eliminated. Henceforth, these impacts will be recognized immediately in "other comprehensive income." Additionally, the return on plan assets is no longer to be recognized based on the expected interest rate, but on the discount rate. The recognition of variations in actuarial gains and losses under other comprehensive income leads to more volatility in equity. The effects from adoption of the revised standard as per January 1, 2013 and for the comparable year are illustrated in the Notes.

Standard/ Interpretation		Mandatory from	Endorsed by EU	Substantial Changes and Anticipated Impact on WACKER
IFRS 13	Fair Value Measurement	Jan. 1, 2013	Dec. 11, 2012	IFRS 13 describes how fair value is to be measured and extends the disclosures on fair value. Application of the new method of determining fair value is relevant to all areas of WACKER's consolidated financial statements in which fair values are determined. WACKER does not expect the new approach to have any substantial impact on its earnings, net assets or financial position. The disclosure obligations in the consolidated financial statements have increased.
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Jan. 1, 2013	Dec. 11, 2012	IFRIC 20 governs the accounting treatment of the cost of removing waste from a surface mine. In the absence of relevant circumstances, the interpretation has no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to IFRS 7	Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2013	Dec. 13, 2012	These amendments to IFRS 7 extend the disclosure requirements regarding the netting of financial assets and financial liabilities. The added disclosure requirements have an impact on the presentation of the financial statements. For reasons of immateriality, WACKER does not provide this information in interim financial statements.
Amendments to IFRS 1 for First-time Adopters	Government Loans	Jan. 1, 2013	March 4, 2013	This change provides first-time IFRS adopters with the same relief in terms of the accounting of government loans as for existing adopters. Its application has no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Improvements to IFRS (2009-2011)		Jan. 1, 2013	March 28, 2013	Amendments concern IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34; the changes have no substantial impact on WACKER's earnings, net assets or financial position.

The following standards were approved by the IASB and adopted by the EU, but their application is not yet mandatory for the period under review.

Standard/ Interpretation		Mandatory 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 previous determination of the Group pursuant to IAS 27. At the present time, WACKER is of the opinion that application of the revised standard will have no influence on the current determination of the scope of consolidation.
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. The abolition of proportionate consolidation has no impact on WACKER’s earnings, net assets or financial position because WACKER already accounts for joint ventures using the equity method. At the moment, WACKER cannot conclusively assess the other effects of IFRS 11, including effects on joint operations.
IFRS 12	Disclosure of Interests in Other Entities	Jan. 1, 2014	Dec. 11, 2012	IFRS 12 governs the disclosures in the consolidated financial statements that enable users to assess the nature of, risks associated with and financial consequences of the entity’s involvement in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Application of the revised standard will lead to a substantial broadening of the disclosures in WACKER’s consolidated financial statements.
IAS 27	Separate Financial Statements	Jan. 1, 2014	Dec. 11, 2012	In the future, IAS 27 will deal only with separate financial statements. The existing guidelines for separate financial statements remain unchanged. Application of the revised standard will have no impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements.
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 will have 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	Apr. 5, 2013	The purpose of the amendments is to clarify the transition guidelines in IFRS 10. Additionally, the changes facilitate the transition to IFRS 10, IFRS 11 and IFRS 12. Application of the changes will have 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 will have no substantial impact on WACKER’s earnings, net assets or financial position.

The following standards were approved by the IASB between 2009 and 2013, but their application was not yet mandatory for the period under review.

Standard/ Interpretation		Publication by IASB	Effective Date	Endorsed by EU	Anticipated Impact on WACKER
IFRS 9	Financial Instruments	Nov. 12, 2009	Jan. 1, 2015	Postponed	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.
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Dec. 16, 2011	Jan. 1, 2015	Postponed	The amendments postpone the effective date of IFRS 9 and provide for additional disclosure requirements. As WACKER cannot yet assess what impacts the first-time application of IFRS 9 will have, it is also not yet possible to evaluate the potential impact of these amendments to IFRS 9 and IFRS 7.
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	Oct. 31, 2012	Jan. 1, 2014	Expected in Q3 2013	The changes focus primarily on redefinition of the term “investment entity.” In addition, investment entities are also not required to fully 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.

Changes in Accounting and Valuation Methods

IAS 19 (revised 2011), Employee Benefits

WACKER is applying IAS 19 “Employee Benefits” (revised 2011) – which the IASB published in June 2011 – for the first time in fiscal 2013. The standard is mandatory for fiscal years which begin on or after January 1, 2013. On June 5, 2012, the revised standard was adopted by the European Commission for application in the EU.

The standard will have the following substantial impact on WACKER’s consolidated financial statements. IAS 19 (revised) affects the recognition, measurement and statement of pension provisions. WACKER previously used the so-called corridor method. According to this method, actuarial gains and losses are carried off-balance-sheet and only recognized as a provision pro rata throughout employees’ remaining service years once they exceed the specified corridor of 10 percent of the pension obligation. As a result, the net pension obligation to employees and the pension provisions recognized in the statement of financial position differed significantly in the past. According to the new standard, this method is no longer permitted. Actuarial gains and losses are now recognized immediately in equity as “remeasurements of defined benefit plans” under “other equity items.” The pension provisions are thus calculated as the net value of the defined benefit obligation (DBO) less plan assets at fair value.

Moreover, interest cost and expected proceeds from plan assets are replaced by net interest cost in the statement of income. This interest cost is calculated by applying the discount factor to the net pension obligation. The applicable interest rate for assessing the defined benefit obligation is used as the discount factor. The net interest from the net pension obligation is the difference between the interest income from plan assets and the interest cost from the defined benefit obligation. The difference between the expected interest income from plan assets and the actual return on plan assets is posted as "remeasurements of defined benefit plans" under "other equity items." No effects result from non-vesting past service cost, which is now recognized immediately in the statement of income when it is incurred rather than being recognized over the vesting period. Similarly, the recognition – upon performance of service – of administrative expenses not associated with the management of plan assets is without impact.

In accordance with IAS 19 "Employee Benefits," obligations from phased early retirement contracts must be revalued in the future. The mandatory payment of what are known as "top-up amounts" will no longer qualify as employee benefits payable on termination of employment. Since these benefits necessitate employee service, the obligations represent long-term employee benefits to be accrued in line with their vesting period. Due to this change in classification, WACKER decreased its provisions for phased early retirement by €7.8 million as of January 1, 2012. This reduced the net income for Q1 2012 by €2.1 million. As per December 31, 2012, phased-early-retirement provisions were €1.9 million lower, and fiscal-year 2012 expenses €5.9 million higher.

The following tables illustrate the effects from the amended reporting principles.

T 3.8 Consolidated Statement of Income, Q1 2012

€ million	Q1 2012	Adjustment	Q1 2012 restated
Sales	1,194.3		1,194.3
Cost of goods sold	–978.9	1.1	–977.8
Gross profit from sales	215.4	1.1	216.5
Selling, R&D and general administrative expenses	–141.9	0.4	–141.5
Operating result	85.3	1.5	86.8
EBIT	82.4	1.5	83.9
Financial result	–13.7	0.5	–13.2
Income before taxes	68.7	2.0	70.7
Income taxes	–28.7	–0.2	–28.9
Net income for the period	40.0	1.8	41.8
Of which			
Attributable to Wacker Chemie AG shareholders	41.5	1.8	43.3
Attributable to non-controlling interests	–1.5	–	–1.5
Earnings per share (basic/diluted) (€)	0.84	0.03	0.87
EBITDA	211.8	1.5	213.3

T 3.9 Statement of Financial Position, March 31, 2012

€ million	March 31, 2012	Adjustment	March 31, 2012 restated
Assets			
Deferred tax assets	17.1	87.3	104.4
Other noncurrent assets	14.4	−6.9	7.5
Total assets	6,596.8	80.4	6,677.2
Equity and Liabilities			
Retained earnings	2,257.9	−224.9	2,033.0
Other equity items	12.5	−106.1	−93.6
Equity	2,668.0	−331.0	2,337.0
Provisions for pensions	537.7	446.2	983.9
Other noncurrent provisions	187.5	−5.7	181.8
Deferred tax liabilities	30.9	−29.1	1.8
Noncurrent liabilities	2,729.9	411.4	3,141.3
Liabilities	3,928.8	411.4	4,340.2
Total equity and liabilities	6,596.8	80.4	6,677.2
Equity ratio (%)	0.40	–	0.35

T 3.10 Statement of Financial Position, Dec. 31, 2012

€ million	Dec. 31, 2012	Adjustment	Dec. 31, 2012 restated
Assets			
Deferred tax assets	13.3	168.7	182.0
Other noncurrent assets	13.1	−5.8	7.3
Total assets	6,329.9	162.9	6,492.8
Equity and Liabilities			
Retained earnings	2,219.9	−218.8	2,001.1
Other equity items	6.6	−277.7	−271.1
Equity	2,617.8	−496.5	2,121.3
Provisions for pensions	569.3	671.5	1,240.8
Other noncurrent provisions	161.3	−1.9	159.4
Deferred tax liabilities	13.0	−10.2	2.8
Noncurrent liabilities	2,550.8	659.4	3,210.2
Liabilities	3,712.1	659.4	4,371.5
Total equity and liabilities	6,329.9	162.9	6,492.8
Equity ratio (%)	0.41	–	0.33

T 3.11 Statement of Cash Flows, Q1 2012

€ million	Q1 2012	Adjustment	Q1 2012 restated
Net income for the period	40.0	1.8	41.8
Changes in provisions	51.3	−1.3	50.0
Changes in deferred taxes	−11.7	0.2	−11.5
Changes in other assets	9.3	−0.7	8.6
Cash flow from operating activities (gross cash flow)	166.4	–	166.4

T 3.12 Statement of Comprehensive Income, Q1 2012

€ million	Q1 2012			Adjustment		Q1 2012 restated		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	Before taxes	Deferred taxes	
Net income for the period			40.0	1.8	–			41.8
Remeasurements of defined benefit plans	–	–	–	–147.2	39.6	–147.2	39.6	–107.6
Difference from foreign currency translation adjustments	-11.2	–	-11.2	1.5	–	–9.7	–	–9.7
Income and expenses recognized in equity	1.6	–3.3	–1.7	–145.7	39.6	–144.1	36.3	–107.8
Total income and expenses reported			38.3					–66.0
Of which								
Attributable to Wacker Chemie AG shareholders			40.1					–64.2
Attributable to non-controlling interests			–1.8					–1.8

T 3.13 Statement of Changes in Equity, Q1 2012

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	**Total**
Reported								
Jan. 1, 2012	260.8	157.4	–45.1	2,216.4	13.9	2,603.4	26.3	**2,629.7**
Net income for the period				41.5		41.5	–1.5	**40.0**
Income and expenses recognized in equity					–1.4	–1.4	–0.3	**–1.7**
March 31, 2012	260.8	157.4	–45.1	2,257.9	12.5	2,643.8	24.5	**2,668.0**
Adjustment								
Adjustment of retained earnings	–	–	–	–226.7	–	–226.7	–	**–226.7**
Net income for the period	–	–	–	1.8	–	1.8	–	**1.8**
Income and expenses recognized in equity	–	–	–	–	–106.1	–106.1	–	**–106.1**
Restated								
Jan. 1, 2012	260.8	157.4	–45.1	1,989.7	13.9	2,376.7	26.3	**2,403.0**
Net income for the period				43.3		43.3	–1.5	**41.8**
Income and expenses recognized in equity					–107.5	–107.5	–0.3	**–107.8**
March 31, 2012	260.8	157.4	–45.1	2,033.0	–93.6	2,312.5	24.5	**2,337.0**

WACKER does not provide information on how the interim financial statements would have looked if the old IAS 19 standard had been applied instead of the new IAS 19 (revised) standard. WACKER has not provided disclosure in the Q1 2013 interim report as mandated by IAS 8.28 (f) since the time and expense involved would be unreasonably high to determine comparable figures for all affected items of the consolidated financial statements.

IFRS 7 Amendment
Published by the IASB in December 2011, improvements to IFRS 7 regarding the netting of financial assets and financial liabilities must be applied for the first time in fiscal 2013. The standard is mandatory for fiscal years which begin on or after January 1, 2013. On December 13, 2012, the amendments were adopted by the European Commission for application in the EU.

The amendment to IFRS 7 concerns extensions in the disclosure requirements for financial assets and liabilities netted in the statement of financial position as well as for financial instruments that are the subject of certain netting agreements. The disclosure requirement applies to both quarterly and year-end reporting dates.

WACKER does not net any significant financial assets and liabilities. As a part of strategic hedging of international sales, however, forward-exchange contracts are closed out prior to maturity by means of offsetting transactions. The strategic forward-exchange contract and the corresponding offsetting foreign-exchange transaction are recognized as a net amount in accordance with IAS 32 criteria. General offsetting agreements, which apply only in cases of insolvency, have been concluded with a number of banks. Thus, the second change to IFRS 7 has also been fulfilled in that WACKER has offsettable derivatives that are not netted prior to recognition in the statement of financial position. Due to the low business volume and minor fair value of non-offset transactions, WACKER has decided to post IFRS 7 disclosures only at year-end.

IFRS 13, Fair Value Measurement
In May 2011, the IASB published IFRS 13 (Fair Value Measurement) to create a uniform definition of, and measurement principles for, fair value and its related disclosure requirements. It sets out how, and not when, to measure fair value, with the latter being defined as the price that would be achieved when selling an asset or paid when transferring a liability. On December 11, 2012, IFRS 13 was adopted into European law by the EU and is mandatory from January 1, 2013. The first-time application is to be carried out prospectively. The assets and liabilities recognized by WACKER at fair value were already valued previously in accordance with IFRS 13 requirements. IFRS 13 requirements affect, in particular, the ongoing recognition of securities and derivatives at fair value. First-time application had no substantial impact on the Group’s earnings, net assets or financial position.

Changes in the Scope of Consolidation
As of March 31, 2013, the scope of consolidation comprises 55 companies, including Wacker Chemie AG, and a special-purpose entity. 50 companies have been fully consolidated in the interim financial statements. The scope of consolidation has not changed compared with December 31, 2012.

Segment Reporting
Please refer to the interim management report for information required on segment reporting.

Several non-core organizational units were reorganized within the segments effective January 1, 2013. WACKER’s salt business, the sales and profit for which were previously reported under WACKER POLYSILICON, is now treated as part of the “Other” segment. In Q1 2013, sales from this business to be recognized in the “Other” segment reached a euro amount in the low double-digit-million range, making a minor positive contribution to earnings. There were effects of a similar amount in the previous year and no adjustment was made. In addition, internal cost allocation between the segments was harmonized, causing the volume of internal sales reported for the segments to decrease. The decrease caused the internal sales figures for 2012 to drop by around €30 million per quarter.

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. Control in this sense is held to apply when a shareholder has more than half of the voting rights in Wacker Chemie AG or, by virtue of 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 €9.2 million (Q1 2012: €9.6 million). As of March 31, 2013, WACKER had outstanding receivables from the pension fund of €26.6 million (Dec. 31, 2012: €35.2 million).

Furthermore, 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 conditions that are customary between outside third parties. Contractually agreed transfer-price formulas have been defined for joint-venture and associated-company product shipments.

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

T 4.1 Related Party Disclosures

€ million	3M 2013		2013 March 31, 2013		3M 2012		2012 Dec. 31, 2012	
	Income	Expenses	Receiv-ables	Liabili-ties	Income	Expenses	Receiv-ables	Liabilities
Associated companies	1.4	23.7	–	8.0	0.7	22.1	–	6.2
Joint ventures	19.0	13.5	19.3	5.6	21.0	14.8	16.8	4.3
Other	–	–	–	0.2	–	–	–	0.3

In addition, €264.1 million was loaned to associated companies and joint ventures (Dec. 31, 2012: €256.2 million). The loans contain capitalized interest income for the fiscal year of €2.6 million (Dec. 31, 2012: €5.9 million). For further information, please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2012.

Exchange Rates

During the current and previous-year reporting period, 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:

T 4.2 Exchange Rates

	Exchange rate as of			Average exchange rate	
	March 31, 2013	March 31, 2012	Dec. 31, 2012	March 31, 2013	March 31, 2012
USD	1.28	1.34	1.32	1.32	1.31
JPY	120.63	109.77	113.51	121.51	103.84
SGD	1.59	1.68	1.61	1.63	1.66
CNY	7.96	8.41	8.22	8.22	8.27

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

On April 23, 2013, WACKER privately placed senior unsecured notes in three installments for a total of US$ 400 million among investors on the US financial market. The three installments have varying maturities of five, seven and ten years, respectively. The notes contain a net debt-to-EBITDA ratio as the key financial covenant.

Munich, April 30, 2013
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, April 30, 2013
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Tobias Ohler**

Joachim Rauhut **Auguste Willems**

List of Tables and Figures

WACKER Stock

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Condensed Interim Financial Statements

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2013 Financial Calendar

May 8

Annual Shareholders' Meeting
Munich

July 1

Capital Markets Day
London

July 30

Interim Report on the 2nd Quarter

October 31

Interim Report on the 3rd Quarter

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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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