Q2

Wacker Chemie AG
Interim Report

January – June 2013

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Interim Report January – June 2013

Group sales for Q2 2013 come in at €1.15 billion, 7 percent above Q1 2013 and 6 percent below 2012's second quarter

Second-quarter earnings before interest, taxes, depreciation and amortization reach €188 million, 14 percent higher than in Q1, but 22 percent down from a year ago due to price declines

Net income for Q2 2013 amounts to €15 million

Sales in chemicals 2 percent higher than Q2 2012 amid higher volumes, with EBITDA 4 percent higher than a year ago

Polysilicon business posts markedly lower sales and earnings year on year due to lower prices

Capital expenditures reduced by 46 percent, with focus on strategic expansion of plant capacities

Forecast specified: Group sales for full-year 2013 expected to come in at approximately €4.5 billion, with EBITDA declining year on year due to lower prices for polysilicon and semiconductor wafers

Cover

Next-generation pervious concrete with polymer powders from WACKER:
The test specimens are put through their paces in the lab.

WACKER at a Glance

€ million	Q2 2013	Q2 2012*	Change in %	6M 2013	6M 2012*	Change in %
Sales	1,150.3	1,222.5	–5.9	2,226.6	2,416.8	–7.9
EBITDA[1]	188.2	242.1	–22.3	352.7	455.4	–22.6
EBITDA margin[2] (%)	16.4	19.8	–	15.8	18.8	–
EBIT[3]	52.5	111.9	–53.1	84.7	195.8	–56.7
EBIT margin[2] (%)	4.6	9.2	–	3.8	8.1	–
Financial result	–21.1	–14.9	41.6	–35.7	–28.1	27.0
Income before taxes	31.4	97.0	–67.6	49.0	167.7	–70.8
Net income for the period	15.1	61.1	–75.3	20.2	102.9	–80.4
Earnings per share (basic/diluted) (€)	0.27	1.19	–77.3	0.36	2.07	–82.6
Capital expenditures (including financial assets)	131.3	244.9	–46.4	252.5	431.0	–41.4
Net cash flow[4]	65.1	–156.9	n.a.	26.1	–204.5	n.a.

€ million	June 30, 2013	June 30, 2012*	Dec. 31, 2012*
Equity	2,196.0	2,214.9	2,121.3
Financial liabilities	1,468.0	1,114.0	1,197.2
Net financial liabilities[5]	820.0	316.0	700.5
Total assets	6,633.4	6,604.9	6,492.8
Employees (number at end of period)	16,203	16,759	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) 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 – June 2013

It is always a sensitive matter to capture new markets. But if the skills you need are close enough to your own core competencies, then the opportunities outweigh the risks. WACKER has demonstrated this with a new generation of pervious concrete.

1
Dr. Klas Sorger, 46, got the ball rolling with pervious concrete.

For the experts at WACKER POLYMERS, concrete for highways and parking lots was a new game altogether. But they didn't miss a beat when given the chance to develop a new porous concrete that would be both water-permeable and noise-absorbing. They were able to draw on the decades of knowledge that WACKER had accrued in dispersible polymer powders and dispersions in the construction industry. It still took some courage, though, since developing a concrete with these specifications had already proved too much for other manufacturers.

The black steam locomotive chugged into the new Bebenroth tunnel, just 30 kilometers south of Göttingen in northern Germany. Aboard the vintage train were 250 VIPS, including politicians and employees of the companies who worked on the kilometer-long rail tunnel – among them, Dr. Klas Sorger of WACKER. It was a proud day for the chemist – the first time a train had driven over the water-permeable drainage concrete that would allow fire and rescue vehicles to enter the tunnel in an emergency. The “slab track” - a ballastless system, in which the rails are embedded in concrete or asphalt - has a load-bearing pavement between and alongside the rails. This emergency access road is made of pervious concrete containing WACKER's ETONIS® polymer binder.

Dr. Sorger, technical service manager in the Construction Polymers business unit, considers the opening of the Bebenroth rail tunnel in December 2012 an important milestone in WACKER's transport infrastructure business. Concrete is a key material in road building and highly regarded worldwide as particularly strong and durable. About a third of Germany's autobahns are paved with concrete.

But not all concrete is the same. The road-building experts are continually looking for new ways to make road paving safer and quieter. The new pervious concrete could help in this. Thanks to its porous structure, it is water permeable. That reduces spray and dangerous aquaplaning. The concrete's pores also absorb the noise of car tires. It could therefore make freeways, expressways and railroads quieter by suppressing sound.

There is potentially a huge market for water-permeable, sound-absorbent concrete. In Germany alone, the Department of Transport spends about €10 billion on construction and remediation of roads and railtrack. It is estimated that about US$350 billion will need to be invested in roads and railtrack between 2020 and 2030.

But the porous concrete first has to prove itself. In municipalities, highway authorities and railroad administrations, planners want to know whether concrete will meet their expectations in the long term. In roadbuilding, innovations are not made in months, but in years. And there had been setbacks particularly with pervious concrete projects in the past.

Siegfried Riffel knows a thing or two about this. An expert with HeidelbergCement, his expertise in pervious concrete is unrivaled. Just 20 years ago, he planned the first German test stretch on the A5 autobahn. Other test stretches were to be found on the Hockenheimring racetrack and on the B56 road near Düren, western Germany. But problems of durability occurred again and again. The concrete pavement cracked and spalled from

2
The first rail tunnel with the new pervious concrete. The material is laid between and alongside the tracks.

3
The concrete test samples are subjected to severe tests in the lab. After all, the concrete must also withstand hard service conditions.

4
At this test surface in Burghausen, water disappears into the pervious concrete as though by magic.

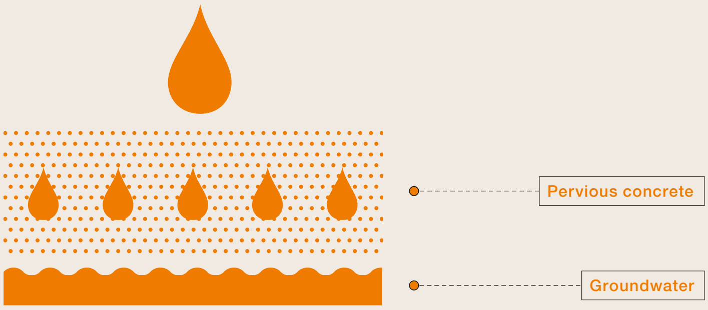
5
The tensile adhesive strength of the surface is tested here. The gravel must not be dislodged by heavy truck tires.

How Pervious Concrete Works

Concrete consists principally of water, cement and gravel. Pervious concrete additionally contains about 20 percent pores. They make it water permeable and sound absorbent. The pores are created when exclusively uniformly sized gravel particles are used to mix the porous concrete. If you fill a glass with stones of uniform size, there are bound to be spaces left between them. That is exactly what is happening here. Normal non-porous concrete, in contrast, is made with gravel and sand of varying sizes. The smaller grains fill the interstices between the larger ones. This results in a non-porous, water-impermeable and extremely durable mix.

Porous concrete, on its own, is weaker and less hard wearing than conventional concrete. Individual grains can be dislodged, for example if a truck drives over them. Developed by WACKER specifically for this concrete, ETONIS® is a polymer binder that is mixed into the fresh concrete. It provides the necessary cohesion between the individual grains in the concrete, making the water-permeable, noise-absorbent concrete almost as strong as conventional concrete.

Pervious concrete is water permeable



Pervious concrete reduces noise

6 dB

noise reduction is possible on busy roads through the use of pervious concrete. That increases the quality of life hugely for neighbors.

the base course. The porous concrete also had problems with frost and road salt. The German federal highway authority decided that much better quality materials were necessary before porous concrete could be used on German roads.

This was the backstory in 2008 when Siegfried Riffel approached Klas Sorger. He needed a polymer additive to substantially improve the mechanical properties of pervious concrete. Sorger was an applications specialist at WACKER POLYMERS and hadn't had anything to do with concrete until then. "We were starting from scratch," he remembers. But Sorger recognized the huge potential.

He knew straight away that WACKER had a wealth of expertise applicable to this concrete. After all, it has been a pioneer in dispersible polymer powders for dry mortars for over 50 years. VINNAPAS® had already showed how effective polymers could be in dry mortars. It ought to work in concrete, too. In both cases, cement is the binder, providing the necessary cohesion. "We were very close to WACKER's core expertise," said Klas Sorger.

With his team, he set about developing a polymer binder for pervious concrete. The aim was to make the concrete stronger and more durable, as well as preventing cracking and other damage from frost and road salt. "Our first task was to work out what had gone wrong in the past," he said. Why did the first generation of this concrete crack so easily? Was it because of the polymer or the way the concrete had been processed on the road? Which of the parts of this complex jigsaw would need to change to develop a pervious concrete that would last for many years on the road?

Sorger and his team worked in their Burghausen lab for two years on formulating the binder. They repeatedly tested the workability and flexural strength of different mixes – on small test specimens at first. In the development center of WACKER's partner, HeidelbergCement, technicians loaded 70-centimeter-long concrete bars to breaking point. In other tests, cubes of pervious concrete were kept in a salt solution and repeatedly frozen and thawed to determine how well the concrete can resist winter weather. "A cube ought to survive 28 cycles without noticeable damage," explains Sorger.

Once the WACKER team was sure they'd gotten the right binder, the new pervious concrete had to be tested under realistic conditions. First, the developers tested the material's workability. In 2011, they laid a few meters of pervious concrete roadway in the Burghausen factory grounds to test its installation properties. This was made more complicated by the pores in the concrete. If the concrete is compacted too much, it is no longer capable of absorbing water or noise. If it is not compacted enough, it becomes unstable and brittle.

The test section worked. Siegfried Riffel of HeidelbergCement is convinced that the formulation with the new ETONIS® binder significantly improves the concrete. He therefore had no qualms about supplying the pervious concrete to the German state rail operator for constructing the Bebenroth tunnel. The 16-centimeter-thick surface alongside and between the rails is necessary to allow heavy rescue vehicles to enter the tunnel in an emergency. European safety regulations require this for tunnels over a certain length.

The pervious concrete is better than conventional concrete slabs at allowing water to drain out of the tunnel. It prevents pools of standing water from forming, which can be particularly troublesome at the tunnel

Current estimates are that

350

billion US dollars' investment will be required worldwide for roads and railtrack between 2020 and 2030.

entrance. Moreover, the pervious concrete, which is poured in situ without joints, is faster and less complicated to lay and maintain than prefabricated elements.

Klas Sorger can well imagine that there are good railroad uses for the pervious concrete apart from in tunnels. On many high-speed track sections, the traditional ballast track is replaced with slab track of concrete or asphalt. This is where the sound-absorbing properties of porous concrete excel. This kind of concrete suppresses noise much better than other paving materials. WACKER and HeidelbergCement demonstrated that in an EU project when they tested the new drainage concrete on a streetcar track in Brussels.

Quiet road surfaces also show great potential on freeways and other expressways. Planners had been looking for an optimum road surface for decades – one that would permanently absorb the car tire noise. This is because, above 40 kilometers per hour, the tires make more noise than the engine.

The new porous concrete could be the breakthrough, hopes Klas Sorger. A first major step in this direction has already been made: the German federal road authority has just built a test stretch of road at its grounds in Bergisch Gladbach, near Cologne, where it is testing the concrete. Overrun tests will be performed to determine whether the tires dislodge gravel from the concrete, causing cracks in the concrete pavement. They will also use a test rig to check whether heavy trucks damage the concrete and cause wheel furrows. If these trials are successful, test stretches can be installed on German autobahns from 2014 on.

At the same time, another test has been running for several weeks: on a trial stretch at Dyckerhoff AG in Mainz-Amöneburg near Frankfurt, engineers are testing whether porous concrete can be used as a road surface in residential estates and for parking lots. The key property here is not noise absorption but water permeability. With pervious concrete, it would not always be necessary to seal off increasingly large areas of land to provide roads, parking lots or cycle tracks. Pervious pavements would allow rainwater to infiltrate into the ground.

Dr. Reinhard Winzer, who supervises the test track at Dykerhoff, is delighted: “We can reduce the load on the sewer network in the long term and reduce flooding,” he says. The 130-meter-long concrete pavement had to withstand extreme loads during the first few weeks. The road coped with the constant rain in May and June with no problems. Thousands of liters of water disappeared into the pavement as though by magic. It also easily withstood the subsequent hot spell with temperatures up to 36 °C and direct sunlight, says Winzer.

In two years, the road will be checked by independent inspectors, who will publish their final summary in five years. Reinhard Winzer is certain that pervious concrete offers a good alternative to conventional asphalt pavement in many municipalities. At any rate, the German road and transport research agency has already included the Mainz test road in its official gazette “Permeable Traffic Areas.” If the various test projects continue to show success, then building roads and other traffic surfaces could be a new, highly promising application for WACKER’s polymer powders.

6
The new pervious concrete could also have a promising future in road construction. A test stretch has already been constructed by the German federal highways authority.

6

WACKER Stock

During the second quarter of 2013, there were increasing signs that the global economy would stabilize and that the European Central Bank intended to continue its current policy of low interest rates. Both these factors calmed financial markets for a time, but could not remove the deeply rooted skepticism of market participants in the long term. This became especially clear when signs in Q2 suggested that the US Federal Reserve might reduce its program of purchasing treasuries and end its relaxed monetary policy. Additionally, economic trends are still extremely varied across individual regions. While the US economy continues on its upward path, growth in China is slowing down. The eurozone remains in recession, and a broad recovery in EU member states is not yet discernible. The financial and economic crisis faced by southern European countries continues unabated. Political stability in Greece, Portugal and Italy, for example, is constantly being put to the test.

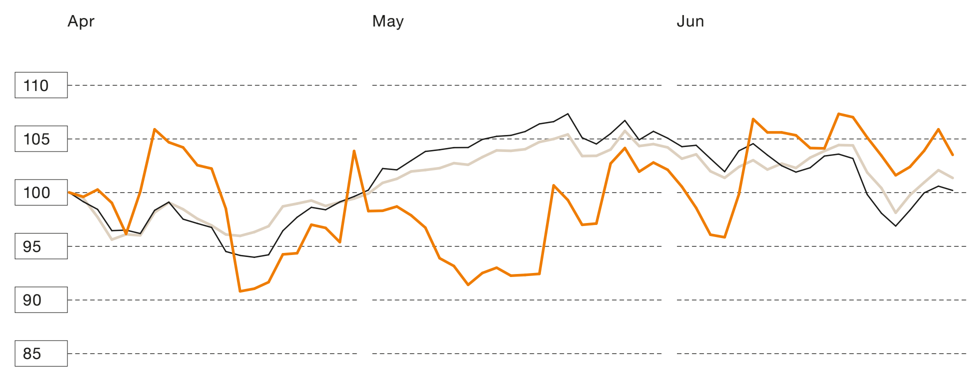
In a generally quite volatile market environment, WACKER stock once again outperformed the two leading German DAX and MDAX indices during the second quarter of 2013. Finishing Q2 with a gain of 3.5 percent, the share price was able to maintain its recovery from the previous quarter. During the full first half of 2013, WACKER's market capitalization grew by some €340 million or over 13 percent.

WACKER stock entered Q2 2013 at €55.85. In the weeks that followed, the stock price moved within a corridor of €50 to €60. It reached its low for the quarter of €50.66 on April 18 and its peak of €59.97 was reported on June 18. At the end of the second quarter, shares were trading at €57.82 (closing price on June 28, 2013). Neither publication of the interim report for the first quarter on April 30, 2013, nor the Annual Shareholders' meeting on May 8, 2013 had any major impact on WACKER stock. However, the solar dispute between the European Union and China dampened the share-price trend in the second quarter. The European Union imposed provisional import tariffs on Chinese solar products in early June. Both sides have tried to resolve their differences through dialogue. The negotiations, though, had not yet produced tangible results as per the end of Q2 2013.

The DAX and MDAX, Germany's two main market indices, were up slightly in the April to June period. The DAX and MDAX gained 0.2 percent and 1.4 percent, respectively. The considerable share-price fluctuations during the second quarter reflected general uncertainty on capital markets. After entering the quarter at 7,943 points, the DAX dropped to a low of 7,459 during April before rising to its peak of 8,530 in the second half of May. Toward the end of Q2, the DAX slipped back below the 8,000 mark, closing at 7,959 points on June 28. The MDAX, Germany's mid-cap index, trended similarly. It started the quarter at 13,522 points and dropped to a low of 12,922 in early April before reaching its Q2 peak of 14,303 on May 28. This market index then proceeded to lose some of its gains, closing at 13,706 points on June 28.

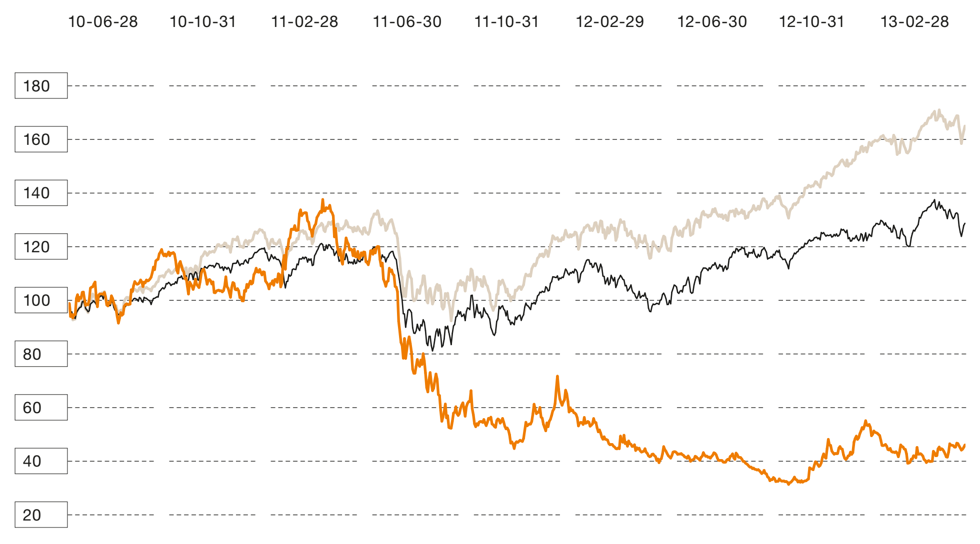
The three-year view shows that WACKER stock has significantly recovered from its November 2012 trough (November 16, 2012: €40.87). Nevertheless, the share price is still a long way off its highs of around €170 in the first half of 2011. Overall, WACKER stock was unable to match the positive DAX (+33.4 percent) and MDAX (+71.1 percent) trends of the past three years. This is mainly due to the solar-market crisis and polysilicon-market price pressure.

G 1.1 WACKER's Share Performance in Q2 2013 (indexed to 100)[1]



WACKER[1] — DAX 30 — MDAX   [1]100 = €55.85 (closing price on April 2, 2013)

G 1.2 WACKER's Share Performance from June 28, 2010 to June 28, 2013 (indexed to 100)[1]



WACKER[1] — DAX 30 — MDAX   [1]100 =€124.65 (closing price on June 28, 2010)

T 1.1 Facts & Figures on WACKER Stock

€	Q2 2013	6M 2013
Closing price at the start of the reporting period	55.85	50.86
High in the reporting period	59.97	70.38
Low in the reporting period	50.66	50.66
Closing price at the end of the reporting period	57.82	57.82
Change during the reporting period (%)	3.5	13.7
Average daily trading volume in shares/day (Xetra)	114,389	161,535
Market capitalization at the start of the reporting period (billion) (based on shares outstanding)	2.77	2.53
Market capitalization at the end of the reporting period (billion) (based on shares outstanding)	2.87	2.87
Earnings per share (€)	0.27	0.36

Dividend of €0.60 Distributed for Fiscal 2012

At this year's Annual Shareholders' Meeting, held in Munich on May 8, 2013, a large majority of Wacker Chemie AG shareholders voted to adopt the Executive and Supervisory Boards' dividend proposal. Of 2012's Group net income of €106.8 million (2011: €356.1 million), WACKER paid out a total of €29.8 million to its shareholders (2011: €109.3 million). The dividend per dividend-bearing share for 2012 was therefore €0.60 (2011: €2.20). The Executive and Supervisory Boards' other proposals were also adopted by large majorities. All voting results for the individual agenda items of the 2013 Annual Shareholders' Meeting have been published at: www.wacker.com.

At its inaugural meeting, directly after the Annual Shareholders' Meeting, the new Supervisory Board re-elected Dr. Peter-Alexander Wacker as its chairman. He had held this office for the past five years.

On July 1, 2013, WACKER held this year's Capital Markets Day in London, at which the Executive Board presented its medium-term goals for the company to analysts and investors. By 2017, WACKER expects to increase its sales by some 6 percent annually – to between €6.0 billion and €6.5 billion. Its 2017 target for earnings before interest, taxes, depreciation and amortization (EBITDA) is around €1.2 billion. The return on capital employed (ROCE) is projected to reach over 11 percent by that time.

At the end of the reporting period, short sales of Wacker Chemie AG's stock amounting to 7.32 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 2nd Quarter of 2013

April – June 2013

Dear Shareholders,

As of mid-year 2013, the world economy continues on a moderate growth track. Economic risks are still high, rooted primarily in the unresolved financial and debt problems in Europe and the USA. The market and competitive environment also remains challenging for the WACKER Group and its business divisions.

This especially applies to our polysilicon business. The solar dispute between the European Union and China intensified in recent months. In early June, the EU had imposed provisional punitive tariffs on Chinese solar products. China was deliberating on appropriate retaliatory measures. The threat of this dispute escalating was unsettling the entire solar industry – a situation reflected in the ordering patterns of our polysilicon customers, who have been rather cautious over the past few weeks. A quick and negotiated solution to the trade dispute would provide solar companies with transparent and reliable business conditions. Such a settlement could mark the start of another global photovoltaics upturn.

As the semiconductor industry has a pronounced cyclical profile with upturns and downturns, we must secure the necessary flexibility in management and production to keep our business profitable even during periods of weaker demand. To achieve this, we must continuously work to improve our cost basis. Over the past few months, we have made further progress, as seen in Siltronic's current quarterly result.

Our chemical business continued to develop satisfactorily during the second quarter. While seasonal effects played a role here, our performance mainly reflected our good market presence and competitive position. The trust our customers place in the quality of our products and services is the best foundation for long-term growth and sustainable profitability.

We have very little influence on the economic and political environment in which our company operates. But it is up to us how we deal with the conditions facing us, and how we respond to the challenges ahead. In our latest medium-term forecast through 2017, we have specified our future course, and the strategies we are pursuing to meet our growth targets. We consider these goals ambitious, yet achievable. To find out more, please read our management presentation for this year's Capital Markets Day, which is available at: www.wacker.com/investor-relations/

We look forward to progressing with you on our journey into the future.

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

Interim Group Management Report

Overall Economic Situation and State of the Industry

Moderate Global Economic Growth with Regional Differences

As of mid-year 2013, the global economic recovery continues. However, growth is slower than expected, and there are major differences between the various regions. Developing and emerging economies continue to grow more strongly than industrialized countries, though domestic demand and growth in emerging economies remain noticeably short of economic researchers' prior expectations. The economies of the USA and Japan also continue to develop positively. Most eurozone countries, however, are taking a long time to overcome their recession or stagnation phases.

In its most recent forecast published in July 2013, the International Monetary Fund (IMF) once again slightly lowered its growth estimates, with the global economy now projected to expand 3.1 percent in full-year 2013. The developing and emerging countries are the principal contributors to this increase, and the IMF estimates their gross domestic product will rise 5.0 percent. Advanced economies can expect to grow 1.2 percent according to the IMF data.[1]

In Asia, economic growth has regained momentum since the start of the year, with China once again leading the way. Chinese economic output is expected to increase by 7.8 percent this year, followed by India with growth of 5.6 percent. In emerging Latin American markets such as Brazil and Mexico, the IMF's analysts are expecting economic growth of 3.0 percent in total for 2013.[1]

Japan has overcome its period of economic weakness, thanks in no small part to the strong financial and fiscal stimuli applied by its government and central bank, and will increase its GDP by 2.0 percent this year.[1]

Economic improvement is clearly visible in the USA as well. Although the public-spending freezes and cuts continue to dampen domestic demand, the main economic drivers are still intact. The IMF thus forecasts that the US economy will grow 1.7 percent in 2013.[1]

In the eurozone, the debt crisis and high unemployment affecting many countries continue to be a burden on the economy. After six consecutive quarters of declines, the economy is now expected to recover slightly over the course of the next few months.[2] From a full-year 2013 perspective, the eurozone will not emerge from recession, and the IMF anticipates that economic output will shrink 0.6 percent this year.[1] The fund's forecast is consistent with the estimates of the Organisation for Economic Co-Operation and Development (OECD), which is also expecting a decline of 0.6 percent.[3]

[1] International Monetary Fund, World Economic Outlook Update: Growing Pains, Washington, July 9, 2013
[2] Federal Ministry of Economics and Technology, monthly report ("Schlaglichter der Wirtschaftspolitik") for July 2013, Berlin, June 20, 2013
[3] Organisation for Economic Co-Operation and Development (OECD), OECD Economic Outlook No. 93, Paris, May 29, 2013

In Germany, the economy has continued to recover over the past three months. After growing by a negligible 0.1 percent in Q1 2013 compared with the previous quarter, the economy picked up noticeably in the second quarter, among other things because of seasonal effects in the construction industry. This general economic trend is supported by consumer spending. According to the Federal Ministry of Economics, the second quarter showed signs of accelerated GDP expansion.[1] For the full year, the German economy can expect to see growth of between 0.3 and 0.4 percent, according to IMF and OECD forecasts.[2, 3]

Q1 2013 sales for the chemical industry in Europe were down 3.4 percent on the comparable period a year ago, primarily due to lower production volumes.[4] In Germany, chemical companies had a mixed first half of 2013, according to data from the German Chemical Industry Association (VCI). Weaker domestic business was offset by growth in exports. On the whole, however, production and sales were stagnant. For full-year 2013, the VCI predicts that production and sales in the German chemical industry will each improve by 1.5 percent. The association considers the main factors here to be moderate growth in domestic business, rising exports to Germany's European neighbors, and the increasing strength of exports abroad.[5] In line with the industry trend, WACKER's second-quarter chemical business increased only very modestly overall compared with the previous year. Major growth drivers came primarily from Asia. Relative to Q1 2013, though, volumes for WACKER's chemical products were significantly higher. Strong customer demand from the construction industry, which emerged after a long winter in Europe, played a major role in this increase.

The global semiconductor-wafer market remains on a moderate growth track. Experts at market research group Gartner expect the second quarter to show a slight rise in semiconductor-industry demand for silicon wafers. However, they also note that this growth will remain subdued, and not accelerate significantly in the second half of the year. That is why Gartner revised its annual forecast downward slightly. Full-year volumes for 2013 (in terms of wafer surface area sold) are projected to be 2.5 percent higher than a year earlier. Gartner had anticipated a volume increase of 4.4 percent in its Q1 2013 forecast. Sales are expected to improve modestly as well, rising 1.6 percent to a total of US$9.38 billion.[6] At Siltronic, demand picked up in the quarter under review. Compared with the preceding quarter, volumes were up strongly, and sales increased by about 17 percent. However, Siltronic was unable to match the volumes and revenues recorded in Q2 2012, mainly due to lower prices.

For the first time since late 2010, the analysts at Macquarie Equities Research anticipate that the global solar industry will see a balance in supply and demand for solar silicon. In their medium-term estimates for the sector, Macquarie's energy market specialists take the view that this balance will hold for at least the next two years. The rising demand is supported especially by the growth in the Japanese, Chinese and US markets. On the supply side, the number of polysilicon producers has roughly halved.[7] The principal risk to the continued development of the solar market remains the trade dispute between the European Union and China, which has not yet been fully resolved. In early June, the European Commission had imposed provisional tariffs of 11.8 percent on Chinese solar products. On July 27, the European Commission announced that China had proposed

[1] Federal Ministry of Economics and Technology, monthly report ("Schlaglichter der Wirtschaftspolitik") for July 2013, Berlin, June 20, 2013
[2] International Monetary Fund, World Economic Outlook Update: Growing Pains, Washington, July 9, 2013
[3] Organisation for Economic Co-Operation and Development (OECD), OECD Economic Outlook No. 93, Paris, May 29, 2013
[4] European Chemical Industry Council (Cefic), Chemicals Trends Report, Monthly summary, June 2013, Brussels, July 2, 2013
[5] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 1st half-year 2013, Frankfurt, July 11, 2013
[6] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 2Q13 Update, Stamford (USA), June 28, 2013
[7] Macquarie, Equities Research, Solar Polysilicon: Calling the inflection point, Sydney, June 7, 2013

setting minimum prices and volume limits for solar modules exported to Europe. Following a hearing by the advisory committees of EU member states, EU Trade Commissioner, Karel De Gucht, intends to present this proposal to the European Commission for approval. WACKER expects the solar market to continue growing despite the risks. Internal estimates indicate that this year's newly installed photovoltaic capacity will range between 34 and 40 gigawatts globally. WACKER sold much more polysilicon between January and June 2013 than in the first half of 2012, but customers were noticeably unsettled in the second quarter by the solar dispute between the European Union and China.

Sales and Earnings for the WACKER Group

Chemical Business Continues to Perform Positively – Market Environment for Polysilicon and Silicon Wafers Still Challenging

The WACKER Group recorded sales of €1,150.3 million in the second quarter of 2013, almost 6 percent down on the comparable period of last year (€1,222.5 million). The low price levels for solar silicon and semiconductor wafers were the principal reason why sales did not reach the Q2 2012 figure. Compared with Q1 2013 (€1,076.3 million), sales climbed by around 7 percent, thanks mainly to higher volumes in chemicals. In the six months from January through June 2013, Group sales amounted to €2,226.6 million on aggregate (6M 2012: €2,416.8 million).

Total sales for the three chemical divisions – WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS – reached €751.1 million in the quarter under review, up just under 2 percent from a year ago (€739.1 million). Compared with the preceding quarter (€669.3 million), sales in WACKER's chemical business increased by 12 percent. Volumes in many areas of business exceeded those in both Q2 2012 and Q1 2013. Products for the construction industry experienced particularly strong demand due to seasonal effects.

WACKER SILICONES again posted higher volumes in all of its major product lines from April through June, more than offsetting the persistent price pressure on standard silicones. Total sales at the division improved by a good 3 percent year on year, and by almost 9 percent on Q1 2013.

Sales at WACKER POLYMERS benefited noticeably in Q2 2013 from the seasonal upturn in construction-sector demand. Compared with the preceding quarter, the division sold significantly higher quantities of dispersions and dispersible polymer powders, and the increases were particularly strong in the powder business. Volumes were also higher from a year-on-year perspective.

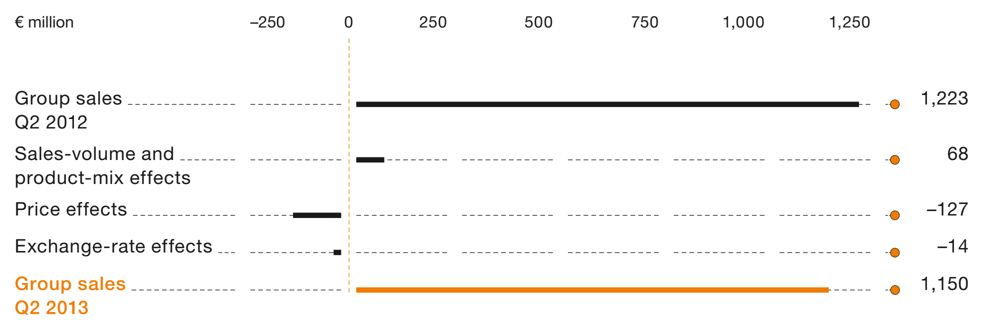
In Q2 2013, WACKER BIOSOLUTIONS generated total sales on a par with the previous year and the preceding quarter. The division sold more products for agricultural and medical applications. Average prices during the quarter under review were largely unchanged both from Q2 2012 and from the first three months of this year.

WACKER POLYSILICON operated under persistently difficult market conditions from April through June 2013. Total sales at the division were down just under 14 percent from Q1 2013, and about 29 percent year on year. Not yet fully resolved, the differences between the European Union and China are highly unsettling for the entire solar industry. Concerns that punitive tariffs on Chinese solar products might greatly slow demand for photovoltaic systems in the European Union have noticeably influenced the ordering patterns of WACKER POLYSILICON's customers. The division sold less polysilicon in the second quarter than in the first three months of the year. In Q2, customers took delivery of lower quantities than in Q1, due to their worries that China might impose punitive tariffs on foreign-made polysilicon. Compared with a year ago, though, volumes were much higher. Solar-silicon prices have bottomed out and were stable compared with the preceding quarter. They remain very low, however, and are down about one-third from Q2 2012 levels.

Between April and June 2013, Siltronic benefited from a noticeable increase in customer demand relative to Q1 2013. Volumes (by surface area sold) improved markedly quarter on quarter, while total sales were up some 17 percent. Prices for semiconductor wafers, however, remain under constant pressure. That is the main reason why Siltronic's sales came in some 19 percent lower year on year.

Overall, higher volumes and positive product-mix effects improved the Group's sales in the quarter under review by just under 6 percent compared to a year earlier. On the other hand, lower prices – especially for solar silicon and silicon wafers – diminished revenue by a good 10 percent. Exchange-rate effects reduced the WACKER Group's sales by approximately 1 percent in the three months from April through June 2013. The average US dollar to euro exchange rate during the quarter under review was 1.31. The dollar was thus more than 2 percent cheaper than it had been during Q2 2012 (1.28 dollars to the euro). The exchange rate was virtually unchanged (1.32 dollars to the euro) compared with the preceding quarter. The persistent weakness of the Japanese yen against the euro (Q2 2013: ¥129, Q2 2012: ¥103 and Q1 2013: ¥122) increased price pressure, particularly in the semiconductor business. In Q2 2013, WACKER invoiced some 32 percent of its sales in US dollars, compared with 33 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



Second-Quarter Plant Utilization at Good Level

Thanks to buoyant customer demand in many business segments, production capacity at WACKER was well utilized in Q2 2013. At WACKER SILICONES, plant utilization averaged over 90 percent in the period under review. WACKER POLYMERS' facilities for dispersions and dispersible polymer powders were utilized at an average of just under 80 percent. WACKER POLYSILICON ran its production plants at about 90 percent of capacity in the April-through-June period. Plant utilization at Siltronic averaged over 80 percent across all wafer diameters.

The performance of each of WACKER's five divisions during the second quarter of 2013 is described in detail in the Division Results section of this Interim Report, starting on page 35.

Sales Down Year on Year in Major Regions – Emerging Markets Driving Growth

In Q2 2013, Group sales were below their prior-year levels in every major region. The declines stemmed from different factors. In Asia and the Americas, sales were primarily burdened by substantially lower year-on-year prices for solar silicon and semiconductor wafers. In Europe, the solar sector's ongoing shift to Asia has left its mark, as has the generally weak economy. Conversely, business performance was good in the developing and emerging economies of Asia and South America. For example, WACKER's Q2 2013 sales in India and Brazil were up significantly from a year earlier. Compared with the first three months of 2013, sales rose in all regions.

Asia was once again by far the most important market for WACKER products in the quarter under review, with the Group generating 39 percent of its total sales there (Q2 2012: 40 percent). Second-quarter sales in this region totaled €448.3 million (Q2 2012: €489.3 million), down more than 8 percent from a year ago. Demand for WACKER's chemical products, in particular, continued to rise in Q2 2013. However, higher chemical-business sales could not compensate for polysilicon and semiconductor-wafer price declines. Compared with this year's first quarter (€434.7 million), WACKER increased its sales by 3 percent. In the six months from January through June 2013, Group sales in Asia totaled €883.0 million (6M 2012: €976.4 million).

In Europe, WACKER posted April-through-June sales of €289.2 million, thereby almost matching the level from a year ago (€292.2 million). While the chemical divisions improved their sales, semiconductor wafers and polysilicon fell well short of their respective prior-year figures, mostly due to lower prices. The generally weak economic situation also dampened business in Europe. Compared with the preceding quarter (€256.7 million), the Group's sales in this region were up almost 13 percent. For the full first half of 2013, sales totaled €545.9 million (6M 2012: €568.5 million).

In Germany, the main factor slowing sales was the solar sector's ongoing shift to Asia. WACKER generated second-quarter sales of €164.7 million in Germany, down almost 5 percent on a year earlier (€173.0 million), but up 3 percent on the preceding quarter (€159.9 million). For the full first half, WACKER posted sales in Germany of €324.6 million (6M 2012: €357.6 million).

In the Americas, second-quarter Group sales of €201.9 million were down 10 percent from a year ago (€224.4 million). Most of this decline stemmed from substantially weaker semiconductor-wafer sales. WACKER did, however, surpass its sales figure for the preceding quarter (€183.7 million) by approximately 10 percent. In the first six months of 2013, WACKER achieved sales of €385.6 million in this region (6M 2012: €431.7 million).

In the markets combined under “Other Regions,” WACKER has expanded its business, increasing sales from April through June 2013 to €46.2 million – up 6 percent on the prior-year period (€43.6 million) and up 12 percent on Q1 2013 (€41.3 million). For the first half of 2013, “Other Regions” contributed a total of €87.5 million in sales (6M 2012: €82.6 million).

T 2.1 Group Sales by Region

€ million	Q2 2013	Q2 2012	Change in %	6M 2013	6M 2012	Change in %	% of Group sales
Asia	448.3	489.3	–8	883.0	976.4	–10	39
Europe (excluding Germany)	289.2	292.2	–1	545.9	568.5	–4	25
Germany	164.7	173.0	–5	324.6	357.6	–9	14
The Americas	201.9	224.4	–10	385.6	431.7	–11	18
Other regions	46.2	43.6	6	87.5	82.6	6	4
Total sales	1,150.3	1,222.5	–6	2,226.6	2,416.8	–8	100

Please refer to WACKER’s 2012 Annual Report (pages 49 to 52) 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 Q2 2013.

Raw-Material Prices and Energy Costs Benefit Earnings Slightly

The prices for WACKER’s most important raw materials and energy sources did not develop uniformly in the quarter under review. The price of silicon metal in Q2 2013 was, on average, some 8 percent down from the prior-year level, and approximately 4 percent lower than in the preceding quarter. Ethylene was also less expensive to procure. Between April and June 2013, its price came down roughly 8 percent from Q2 2012, and it was 5 percent cheaper compared with January through March 2013. Methanol, however, was much more expensive. In Q2 2013, it cost around 12 percent more than a year ago and was about 4 percent more expensive than in Q1 2013. The price of vinyl acetate monomer remained virtually unchanged from the same period last year, but it was over 5 percent higher relative to the preceding quarter. The prices of natural gas and electricity in Germany dropped slightly during the period under review. Natural gas was almost 12 percent less expensive than a year ago and around 4 percent cheaper than in the preceding quarter. The cost of electricity decreased by about 6 percent from the year-earlier period and by roughly 3 percent from this year’s first quarter. Overall, price changes in raw materials and energy had a slightly positive impact on Group earnings in the period from April through June 2013.

Low Solar-Silicon Prices Slow Earnings Trend – Second-Quarter EBITDA Margin at 16.4 Percent

In the second quarter of 2013, WACKER achieved earnings before interest, taxes, depreciation and amortization (EBITDA) of €188.2 million – down some 22 percent from a year ago (€242.1 million), but up a good 14 percent on Q1 2013 (€164.5 million). The EBITDA margin for the second quarter was 16.4 percent, compared with 19.8 percent in Q2 2012 and 15.3 percent in Q1 2013. It included €23.8 million (Q2 2012: €19.4 million) in retained advance payments and damages stemming from terminated contracts with polysilicon customers. In the six months from January through June 2013, Group EBITDA amounted to €352.7 million (6M 2012: €455.4 million) with an EBITDA margin of 15.8 percent (6M 2012: 18.8 percent).

The challenging market and competitive environment in the solar industry continues to have a particularly noticeable impact on WACKER's profitability. Solar-silicon prices in the quarter under review were down about one-third from their prior-year levels. As a result, EBITDA at WACKER POLYSILICON was about 47 percent lower than in Q2 2012. Compared with Q1 2013, though, the division improved its earnings by over 22 percent, thanks to higher production output.

Prices for semiconductor wafers in Q2 2013 were down some 10 percent from a year ago. Nevertheless, Siltronic delivered positive second-quarter EBITDA and achieved a clear improvement on the preceding quarter – a sign that Siltronic's measures to lower production costs and improve plant utilization are paying off.

At €116.6 million, the combined EBITDA of the three chemical divisions was nearly 4 percent higher than in Q2 2012 (€112.3 million) and 21 percent up on Q1 2013 (€96.3 million). The increase primarily stemmed from volume growth, which was, in some cases, due to seasonal effects. Lower transfer prices for siloxane in China also helped lift earnings.

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 the new requirements, the earnings figures were adjusted for the prior-year quarters. Divergences from figures published in last year's quarters range 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 Q2 2013, and the respective key factors involved, are described in detail in the "Division Results" section of this Interim Report, starting on page 35.

The Group's earnings before interest and taxes (EBIT) from April to June 2013 amounted to €52.5 million (Q2 2012: €111.9 million), yielding a correspondingly lower EBIT margin of 4.6 percent (Q2 2012: 9.2 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 €135.7 million in the second quarter of 2013 (Q2 2012: €130.2 million). Compared with the preceding quarter (€32.2 million), WACKER improved its EBIT by 63 percent. Group EBIT for the first six months of 2013 totaled €84.7 million (6M 2012: €195.8 million), which corresponds to an EBIT margin of 3.8 percent (6M 2012: 8.1 percent).

Q2 Performance Largely as Forecast

Business performance, and sales and earnings trends in the second quarter of 2013 were essentially in line with the expectations and estimates provided by WACKER's Executive Board when the interim report for Q1 2013 was released. Volumes at WACKER SILICONES and WACKER POLYMERS were higher for many product groups than in last year's second quarter. The chemical business picked up significantly against the preceding quarter, thanks in part to the added seasonal demand from the construction industry. Solar operations at WACKER POLYSILICON faced a much lower year-on-year price level, which is impacting margins. At the same time, the unsettling effect on market participants of the trade dispute between the European Union and China slowed demand and sales. Siltronic's semiconductor business performed somewhat better than originally expected, generating volumes that were substantially higher than in Q1 2013. However, as forecast, prices remained under pressure. As expected, capital expenditures in the quarter under review were only about half as high as a year ago. Raw-material costs also developed as predicted at the start of the second quarter.

Q2 Earnings per Share at €0.27

WACKER generated net income of €15.1 million from April through June 2013 (Q2 2012: €61.1 million). As a result, second-quarter earnings per share amounted to €0.27 (Q2 2012: €1.19). For the six months from January through June 2013, net income came in at €20.2 million (6M 2012: €102.9 million). In addition to the factors already described, net income for the period was affected by a relatively high tax rate and by increased interest expenses. Earnings per share for the first half of 2013 amounted to €0.36 (6M 2012: €2.07).

Investments Decline by 46 Percent due to Project-Related Factors

In Q2 2013, WACKER invested €131.3 million (Q2 2012: €244.9 million) to expand production capacity. This decline of over 46 percent was due to project-related factors. For the full first half of 2013, investment spending amounted to €252.5 million (6M 2012: €431.0 million).

Investments remained focused on constructing the new polysilicon site at Charleston (Tennessee, USA). This project accounted for around two-thirds of the Group's capital expenditures in the quarter under review. WACKER had already decided last year to extend the timeline for completing the project. The site is now expected to be completed by mid-2015. This schedule takes account of anticipated customer demand for solar silicon and, at the same time, optimizes investment activities – easing this year's budget by several hundred million euros. Due to the new schedule, the total investment cost will increase to around 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.

At the Nanjing site in China, WACKER officially commissioned a new production plant for vinyl acetate-ethylene copolymer (VAE) dispersions on April 22. With this second reactor line's additional 60,000 metric tons, WACKER has doubled its production capacity in China for VAE dispersions to a total of 120,000 metric tons per year. The plant complex is one of the largest of its kind in China. The expansion allows WACKER to meet rising demand from Asian customers for high-quality VAE dispersions. It also strengthens the Group's position as the world's largest manufacturer of VAE dispersions. Also at Nanjing, WACKER is currently building a new plant to produce polyvinyl acetate solid resins. With an annual capacity of 20,000 metric tons, the plant is expected to come on stream toward the end of this year. Capital expenditures for both projects will total some €40 million.

Net Cash Flow for Q2 2013 Around €65 Million

In the period from April through June 2013, WACKER generated a clearly positive net cash flow of €65.1 million (Q2 2012: €–156.9 million). Due primarily to a significant increase in cash from operating activities and to lower capital expenditures, net cash flow improved by over €220 million on the prior-year level. Net financial liabilities in the quarter under review were only marginally higher than in the preceding quarter. As of the June 30 reporting date, they amounted to €820.0 million (Q2 2012: €316.0 million). On March 31, 2013, WACKER recognized net financial liabilities of €800.1 million. In the quarter under review, WACKER distributed the dividend for 2012, which reduced liquidity by €29.8 million. At the end of April, WACKER issued US$400 million in senior unsecured notes in a private placement in the USA.

Customer Proximity and Efficient Sales Structures

To further enhance its market presence, WACKER continued to expand and optimize its distribution network during Q2 2013.

- Effective July 1, 2013, the chemical distributor IMCD handles BELSIL® silicone products for cosmetics and personal-care in Poland. The Dutch chemical distributor is already a WACKER partner selling and marketing numerous products for various market segments in most Western European and several Eastern European countries, as well as in South Africa, India, Australia and New Zealand.

- To strengthen its presence in South America, WACKER expanded its combined technical center and training center in the Brazilian city of Jandira, in the São Paulo metropolitan area. The expansion focused on technical laboratories for polymer binders used primarily in construction-chemical applications. With the expansion, the Brazil technical center is increasing its local expertise in applications technology, know-how transfer and service in South America's strongly growing markets for high-quality silicone and polymer products.

Research and Product Innovations Open up New Markets and Business Opportunities

WACKER spent €42.1 million on R&D activities in the second quarter of 2013 (Q2 2012: €43.7 million). In the six months from January through June 2013, the Group's total spending on research and development amounted to €82.2 million (6M 2012: €87.0 million).

As a quality and technology leader, WACKER aspires to offer customers top quality and tailored products. Focusing intensively on R&D, it regularly provides a wide variety of innovations and new products. The following are a few examples from the quarter under review:

- WACKER has introduced a modular system for pourable, addition-curing silicone rubber compounds under the ELASTOSIL® VARIO brand. With this system, both the reactivity of the silicone rubber compound and the hardness of the cured rubber can be adjusted as desired. Typical applications include encapsulation of electronic devices and circuits, as well as coating of technical textiles and metal or plastic surfaces.

- At the PLASTIC Japan tradeshow, which took place in Tokyo from April 10 to 12, WACKER presented a series of innovative silicone products for the electronics, optoelectronics and medical-technology sectors. Among the products making their premieres were a heat-resistant gel for encapsulating power electronic modules, an LED-chip encapsulant that prevents sedimentation of luminescent dyes, and a silicone rubber for producing optical lenses.

- Under the "Special Effects for Beauty Care" slogan, WACKER showcased a wide range of products for the cosmetics industry at "in-cosmetics 2013" in Paris in mid-April and, in mid-May, at "FCE Cosmetique" in São Paulo, Brazil. Presentations included a silicone gel for skin-care and decorative cosmetic products.

- At the 23rd Conference of the European Wound Management Association, which took place in Copenhagen in mid-May, WACKER products included a skin-compatible silicone adhesive developed specifically for the production of advanced wound dressings.

- In late June, the European Commission certified a scientifically proven health benefit in alpha-cyclodextrin, a WACKER BIOSOLUTIONS product. The EU expert opinion confirmed the health claim that alpha-cyclodextrins can reduce the increase in blood-sugar after a starchy meal. They provide dietary fiber to beverages, dairy products, muesli bars and breakfast cereals, for example.

- In April 2013, Siltronic received a special honor from one of its customers – the "Preferred Quality Supplier Award" from Intel Corporation. This award recognizes Siltronic as a major contributor to Intel's success.

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 Q2 2013.

Employee Numbers Practically Unchanged since End of Q1

The Group's workforce remained practically unchanged compared with the end of the first quarter. On June 30, 2013, WACKER had 16,203 employees worldwide (March 31, 2013: 16,248). Throughout 2012, WACKER had consolidated its production capacities for smaller-diameter wafers, which is why the number of employees was down about 3 percent from a year ago (June 30, 2012: 16,759).

As of June 30, 2013, WACKER had 12,501 employees in Germany (March 31, 2013: 12,587) and 3,702 at its international sites (March 31, 2013: 3,661).

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 of the 2012 Annual Report.
The principles, guidelines and processes described there have not changed materially during the period under review and continue to apply.

This year's Annual Shareholders' Meeting of Wacker Chemie AG, held on May 8, 2013, marked the election of a new Supervisory Board. The Executive and Supervisory Boards' proposal to elect Matthias Biebl, Dr. Gregor Biebl, Franz-Josef Kortüm, Dr. Thomas Strüngmann, Dr. Bernd W. Voss, Dr. Peter-Alexander Wacker, Dr. Susanne Weiss and Prof. Dr. Ernst-Ludwig Winnacker to the Supervisory Board until the 2018 Annual Shareholders' Meeting was adopted by over 99 percent of the votes in each case. Following the Annual Shareholders' Meeting, the new Supervisory Board re-elected Dr. Peter-Alexander Wacker as its chairman at its inaugural meeting.

Condensed Statement of Income – Earnings

January 1 through June 30, 2013

T 2.2 Condensed Statement of Income

€ million	Q2 2013	Q2 2012*	Change in %	6M 2013	6M 2012*	Change in %
Sales	1,150.3	1,222.5	–5.9	2,226.6	2,416.8	–7.9
Gross profit from sales	181.4	242.0	–25.0	305.3	458.5	–33.4
Selling, R&D and general administrative expenses	–135.8	–142.3	–4.6	–265.3	–283.8	–6.5
Other operating income and expenses	14.4	14.4	–	62.7	26.2	>100
Operating result	60.0	114.1	–47.4	102.7	200.9	–48.9
Result from investments in joint ventures and associates	–7.5	–2.2	>100	–18.0	–5.1	>100
EBIT	52.5	111.9	–53.1	84.7	195.8	–56.7
Financial result	–21.1	–14.9	41.6	–35.7	–28.1	27.0
Income before taxes	31.4	97.0	–67.6	49.0	167.7	–70.8
Income taxes	–16.3	–35.9	–54.6	–28.8	–64.8	–55.6
Net income for the period	15.1	61.1	–75.3	20.2	102.9	–80.4
Of which						
Attributable to Wacker Chemie AG shareholders	13.6	59.3	–77.1	17.7	102.6	–82.7
Attributable to non-controlling interests	1.5	1.8	–16.7	2.5	0.3	>100
Earnings per share (basic/diluted) (€)	0.27	1.19	–77.3	0.36	2.07	–82.6
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–
Reconciliation to EBITDA						
EBIT	52.5	111.9	–53.1	84.7	195.8	–56.7
Depreciation/appreciation of noncurrent assets	135.7	130.2	4.2	268.0	259.6	3.2
EBITDA	188.2	242.1	–22.3	352.7	455.4	–22.6

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

WACKER performed better in the second quarter of 2013 than in the opening quarter despite the weak economy and uncertainty in the solar sector. The Group exceeded its Q1 2013 sales and earnings. All business divisions except WACKER POLYSILICON recorded sales growth over the preceding quarter. At WACKER POLYSILICON, the solar dispute between the European Union and China has unsettled solar-sector customers. The Group's earnings before interest, taxes, depreciation and amortization were below the prior-year figure. Both WACKER POLYSILICON and Siltronic posted markedly higher EBITDA than in the first quarter. In the chemical divisions, total EBITDA also came in considerably higher than in the January-through-March quarter of 2013. Chemical business profited from higher construction-industry demand between April and June, after a prolonged winter in Europe.

Sales of €1.15 Billion 6 Percent Below Prior-Year Quarter

The Group generated sales of €1,150.3 million in Q2 2013, down almost 6 percent from a year ago (€1,222.5 million), but 7 percent higher than in Q1 2013 (€1,076.3 million). Aggregate sales for the first six months of 2013 amounted to €2,226.6 million (6M 2012: €2,416.8 million), a decrease of 8 percent. Lower prices for solar silicon and semiconductor wafers are the main reason why consolidated sales were down from a year ago.

Performance differed across the Group's business divisions in Q2 2013. In the chemical divisions, sales were higher quarter on quarter. A major driver of this trend was the seasonal improvement in products for construction applications in Europe. WACKER POLYMERS and WACKER SILICONES also posted sales growth in Asia. WACKER POLYMERS recorded sales of €273.4 million in the quarter under review, virtually matching the high level of Q2 2012 (€276.1 million). Relative to Q1 2013 (€226.7 million), sales rose by almost 21 percent, benefiting from a marked second-quarter revival in construction chemicals after the end of a long European winter. WACKER SILICONES achieved sales of €437.2 million in the second quarter of 2013 (Q2 2012: €422.9 million) – a rise of over 3 percent. Compared with this year's opening quarter (€402.1 million), sales were up almost 9 percent. At €40.5 million in Q2 2013, sales at WACKER BIOSOLUTIONS were constant compared with the preceding quarter (€40.1 million). WACKER POLYSILICON generated sales of €203.3 million in the second quarter of 2013 (Q2 2012: €286.8 million), 29 percent below last year. Compared with Q1 2013 (€235.4 million), sales decreased by almost 14 percent. Customers ordered lower quantities from April through June than during the first three months of the current year. This was in response to the European Union's and China's differences about solar products and to the provisional punitive tariffs imposed by the EU on Chinese photovoltaic systems. At the same time, the price of polysilicon stabilized at a low level compared to the previous quarter. Siltronic profited in the second quarter from good demand amid prices that were lower than last year, achieving sales of €200.1 million – a 19 percent decline against Q2 2012 (€247.4 million). However, relative to the preceding quarter (€171.2 million) sales grew by 17 percent.

EBITDA Reaches About €188 Million in Q2 2013

In Q2 2013, earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €188.2 million (Q2 2012: €242.1 million), a decrease of 22 percent. The EBITDA margin for Q2 2013 was 16.4 percent (Q2 2012: 19.8 percent). For the full first half of 2013, EBITDA amounted to €352.7 million, 23 percent less than a year ago (€455.4 million). The primary reason for this decrease, in both the second quarter and the first half of 2013, was lower prices for polysilicon. The chemical divisions generated aggregate EBITDA of €212.9 million in the first half of 2013 (6M 2012: €203.7 million), which represents a year-on-year improvement of just under 5 percent. Siltronic achieved positive EBITDA of €9.8 million in the first half of 2013 (6M 2012: €–12.7 million).

The WACKER Group's earnings before interest and taxes (EBIT) fell to €52.5 million in Q2 2013 from €111.9 million in the prior-year period – a decrease of 53 percent. For the full first half of 2013, WACKER generated EBIT of €84.7 million (6M 2012: €195.8 million). Depreciation amounted to €135.7 million for the quarter under review (Q2 2012: €130.2 million), and totaled €268.0 million for the first half of 2013 (6M 2012: €259.6 million).

The following non-recurring effects are reflected in the Group's EBITDA and EBIT. During the quarter under review, WACKER retained advance payments and received damages from customers due to terminated polysilicon contracts. This income benefited EBITDA and EBIT for the quarter by a total of €23.8 million (Q2 2012: €19.4 million). For the full first half of 2013, aggregate income was €56.1 million (6M 2012: €56.4 million). In 2012, the closure of 150 mm wafer production at Portland reduced EBITDA at Siltronic by €14.8 million.

Cost of Goods Sold Remains Constant

Gross profit in Q2 2013 fell by €60.6 million year on year to €181.4 million, a decrease of 25 percent. The second-quarter gross margin was 16 percent. A year earlier, the figure had been 20 percent. Here, too, the decline was attributable to markedly reduced prices for polysilicon and semiconductor wafers. Gross profit for the first six months of 2013 reached €305.3 million (6M 2012: €458.5 million), yielding a gross margin of 14 percent (6M 2012: 19 percent).

At €968.9 million, the cost of goods sold in the quarter under review was down from the prior-year figure of €980.5 million. For the first half-year, the figure was €1,921.3 million (6M 2012: €1,958.3 million). Well-utilized production facilities provided for good coverage of fixed costs. Positive effects also resulted from a slight overall reduction in raw-material costs. In addition, WACKER has taken a number of measures to reduce its material and personnel expenses. The cost-of-sales ratio for Q2 2013 was 84 percent (Q2 2012: 80 percent). The cost-of-sales ratio for the first half of the year was 86 percent (6M 2012: 81 percent).

Functional Costs

Other functional costs (selling, R&D and general administrative expenses) were 5 percent lower in Q2 2013 year on year, and amounted to €135.8 million (Q2 2012: €142.3 million). Comparing six-month periods, the reduction was just under 7 percent. WACKER implemented a variety of measures in the first half of 2013 to bring down material and personnel expenses.

Other Operating Income and Expenses

The second-quarter balance of other operating income and expenses was €14.4 million (Q2 2012: €14.4 million). Foreign currency gains and losses were balanced at €–1.3 million (Q2 2012: €+6.1 million). In the quarter under review, the Group retained €23.8 million in advance payments and damages relating to terminated polysilicon contracts. The corresponding amount in Q2 2012 was €19.4 million. In the six months from January through June 2013, the balance of other operating income and expenses totaled €62.7 million (6M 2012: €26.2 million). Foreign currency gains and losses were also balanced. A total of €56.1 million in advance payments retained and damages received was posted in the first half of 2013 (6M 2012: €56.4 million). In the previous year, other operating income and expenses were especially influenced by costs for the closure of 150 mm wafer production at Portland, which amounted to €14.8 million.

Operating Result

Due to the effects described above, the second-quarter operating result declined year on year by 47 percent to €60.0 million. When compared with the first quarter of 2013, however, the result increased by 41 percent. In the first six months of 2013, an operating result of €102.7 million was achieved (6M 2012: €200.9 million).

Result from Investments in Joint Ventures and Associates

The investment result for Q2 2013 was €–7.5 million (Q2 2012: €–2.2 million). The aggregate investment loss for the period from January through June 2013 was €18.0 million (6M 2012: €–5.1 million). This figure is attributable to investment losses at the 300 mm-wafer joint venture with Samsung, which were caused by planned high depreciation and lower prices. As expected, profits from the joint venture with Dow Corning for the production of siloxane in China have declined significantly during 2013. This reduced profit is due to the lower transfer prices for siloxane that WACKER agreed with Dow Corning. In the past, these prices had a positive influence on the investment result.

Financial and Net Interest Result

The Group's financial result for Q2 2013 amounted to €–21.1 million, after last year's €–14.9 million. That is €6.2 million in additional financial expense year on year. The main reason is the higher debt level and the interest expenses incurred for financial liabilities. Interest expenses from April through June 2013 amounted to €11.3 million, compared with €9.6 million a year earlier. The effect of construction-related borrowing costs reduced interest expenses only minimally, by €0.3 million (Q2 2012: €4.5 million). The balance of interest income and interest expenses amounted to €–7.1 million in the quarter under review (Q2 2012: €–1.2 million), with interest income constant year on year at €3.9 million. In the first half of the year, WACKER had a financial result of €–35.7 million (6M 2012: €–28.1 million). While interest income was constant at €7.9 million, first-half interest expenses totaled €19.3 million (6M 2012: €9.7 million).

The other financial result for Q2 2013 was €–14.0 million (Q2 2012: €–13.7 million). It primarily comprises interest-bearing elements of pension and other noncurrent provisions, but also includes income and expenses from the exchange-rate effects of financial investments. The corresponding figure for the first half of the year was a balance of €–24.3 million (6M 2012: €–26.2 million).

Income Taxes

In the half year under review, the Group reported tax expenses of €28.8 million (6M 2012: €64.8 million), 56 percent lower than a year earlier. The tax rate for the first half of 2013 was 58.8 percent (6M 2012: 38.6 percent). January-through-June income taxes mainly comprised current tax expenses. The rise in the tax rate is attributable to the fact that 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 in both the second quarter and first half of 2013 was lower due to the effects mentioned above. The Q2 figure fell 75 percent to €15.1 million (Q2 2012: €61.1 million). Compared with Q1 2013 (€5.1 million), on the other hand, net income for the period under review was significantly higher. In the period from January through June 2013, net income came in at €20.2 million (6M 2012: €102.9 million).

Condensed Statement of Financial Position – Net Assets

June 30, 2013

T 2.3 Assets

€ million	June 30, 2013	June 30, 2012*	Change in %	Dec. 31, 2012*	Change in %
Intangible assets, property, plant and equipment, and investment property	3,933.1	3,716.9	5.8	3,949.9	–0.4
Investments in joint ventures and associates accounted for using the equity method	22.1	121.6	–81.8	41.0	–46.1
Other noncurrent assets	533.2	434.3	22.8	544.7	–2.1
Noncurrent assets	4,488.4	4,272.8	5.0	4,535.6	–1.0
Inventories	667.1	741.1	–10.0	712.1	–6.3
Trade receivables	709.8	681.1	4.2	600.2	18.3
Other current assets	768.1	909.9	–15.6	644.9	19.1
Current assets	2,145.0	2,332.1	–8.0	1,957.2	9.6
Total assets	6,633.4	6,604.9	0.4	6,492.8	2.2

T 2.4 Equity and Liabilities

€ million	June 30, 2013	June 30, 2012*	Change in %	Dec. 31, 2012*	Change in %
Equity	2,196.0	2,214.9	–0.9	2,121.3	3.5
Noncurrent provisions	1,340.3	1,368.6	–2.1	1,432.3	–6.4
Financial liabilities	1,285.0	865.8	48.4	958.5	34.1
Other noncurrent liabilities	707.0	911.2	–22.4	819.4	–13.7
Of which advance payments received	681.7	899.0	–24.2	803.4	–15.1
Noncurrent liabilities	3,332.3	3,145.6	5.9	3,210.2	3.8
Financial liabilities	183.0	248.2	–26.3	238.7	–23.3
Trade payables	350.1	380.4	–8.0	379.8	–7.8
Other current provisions and liabilities	572.0	615.8	–7.1	542.8	5.4
Current liabilities	1,105.1	1,244.4	–11.2	1,161.3	–4.8
Liabilities	4,437.4	4,390.0	1.1	4,371.5	1.5
Total equity and liabilities	6,633.4	6,604.9	0.4	6,492.8	2.2

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

Total assets grew by 2 percent compared with December 31, 2012. As of June 30, 2013, the total reached €6.63 billion, up €140.6 million (Dec. 31, 2012: €6.49 billion). A major factor behind the increase was WACKER's private placement in the USA of new senior unsecured notes in the amount of US$400 million on April 23, 2013. Both liquidity and financial liabilities increased as a result. On the other hand, liquidity was reduced by cash outflows for investment activity, the dividend payout and the redemption of bank loans falling due. At operating level, trade receivables in particular increased, due to higher sales volumes, especially in chemicals. Foreign currency translation effects lifted total assets by €8.0 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" means pension provisions have increased substantially. At the same time, equity was reduced. The changes are presented in detail in the Notes section under "Changes in Accounting and Valuation Methods" on page 66.

Noncurrent Assets

Noncurrent assets posted a marginal decline, falling by €47.2 million to €4.49 billion (Dec. 31, 2012: €4.54 billion), a decrease of 1 percent. They accounted for 68 percent of total assets (Dec. 31, 2012: 70 percent). Property, plant and equipment decreased by €13.6 million in the first half of 2013. The change was mainly attributable to lower capital expenditures now that WACKER has extended the timeline for constructing the production site in Charleston, Tennessee (USA). The Group invested €252.5 million from January through June 2013, 41 percent down on the comparable period a year ago. Depreciation consequently exceeded capital expenditures in the first half of 2013 and amounted to €268.0 million. Exchange-rate movements increased the carrying amounts by €12.5 million. Overall, intangible assets, property, plant and equipment, and investment property changed from €3.95 billion at the end of 2012 to €3.93 billion at the first-half reporting date.

Investments in associates accounted for using the equity method fell from €41.0 million to €22.1 million. This 46-percent decrease was due to current losses incurred by joint ventures and associates.

Other noncurrent assets and securities totaled €533.2 million as per June 30, 2013 (Dec. 31, 2012: €544.7 million), a decrease of 2 percent. The noncurrent loans to joint ventures and associates amounted to €259.7 million at the first-half reporting date (Dec. 31, 2012: €256.2 million). Noncurrent securities declined by €5.4 million to €55.7 million. Other noncurrent assets also include noncurrent derivative financial instruments, noncurrent income tax receivables and deferred tax assets. Deferred tax assets totaled €172.2 million as of June 30, 2013 (Dec. 31, 2012: €182.0 million).

Current Assets

Current assets rose €187.8 million compared with last year, up 10 percent to €2.15 billion (Dec. 31, 2012: €1.96 billion). They accounted for 32 percent of total assets (Dec. 31, 2012: 30 percent). WACKER reduced inventories from the high year-end level of €712.1 million to €667.1 million. Substantially higher sales compared to Q4 2012 – in part driven by seasonal effects – were the reason for a rise in trade receivables of €109.6 million, an increase of 18 percent. Inventories and trade receivables combined accounted for 21 percent of total assets, unchanged from the end of 2012.

Securities, along with cash and cash equivalents, are a major component of other current assets. Current securities fell by €134.4 million to €108.6 million. Liquid funds grew by €291.1 million to €483.7 million. This gain is due in part to the liquidity realized from raising the US$400 million loan. At the same time there was an outflow of liquid funds for capital expenditures, dividend payouts and loan redemptions. Other current assets also include income tax receivables amounting to €27.4 million and other current receivables totaling €148.4 million.

Equity up Slightly

Group equity rose slightly relative to December 31, 2012. It grew by €74.7 million to €2.20 billion. As a result the equity ratio was 33.1 percent (Dec. 31, 2012: 32.7 percent). A variety of factors influenced equity. Retained earnings increased by €20.2 million as a result of the net income for the first half of 2013. At the same time the dividend distributed diminished retained earnings by €29.8 million. Other equity items lifted equity, in essence as a result of the adjustment to provisions for pensions that did not affect the income statement. At the start of this year, WACKER switched to the new IAS 19 (revised) accounting and valuation method for pension provisions. Actuarial losses dropped due to the revaluation of defined benefit plans at the end of Q2 2013. This led to a €88.6 million increase in equity. Foreign currency translation effects added €2.1 million at the reporting date.

Noncurrent Liabilities

Noncurrent liabilities amounted to €3.33 billion at the end of the first half of 2013 (Dec. 31, 2012: €3.21 billion), an increase of 4 percent. Their share of total equity and liabilities was 50 percent (Dec. 31, 2012: 49 percent). The provisions for pensions declined by €89.8 million because a slightly higher discount rate was applied for revaluation than at the end of fiscal 2012. Provisions for pensions totaled €1.15 billion as of June 30, 2013. That is 17 percent of total equity and liabilities. Other noncurrent provisions were reduced slightly by the reversal of provisions for phased early retirement.

Noncurrent financial liabilities went up from €958.5 million to €1.29 billion, an increase of 34 percent. On April 23, 2013 WACKER issued US$400 million in senior unsecured notes in a private placement in the USA. The notes were offered with three maturities, namely five, seven and ten years. The transaction is based on standard market credit terms.

Other noncurrent liabilities decreased by 14 percent to €707.0 million at the end of the first half. Their principal component is advance payments received for polysilicon deliveries, in the amount of €681.7 million. The reclassification as current of noncurrent advance payments received, along with retention of advance payments from terminated contracts, is the main factor behind the €121.7 million drop in noncurrent advance payments received compared with December 31, 2012.

Current Liabilities

Current liabilities showed a slight decrease, declining by 5 percent to €1.11 billion at the first-half reporting date (Dec. 31, 2012: €1.16 billion). The figure represented 17 percent of total equity and liabilities. Trade payables declined by 8 percent to €350.1 million. There was a slight rise in current provisions and liabilities to €572.0 million (Dec. 31, 2012: €542.8 million). The change in essence reflects the buildup of provisions for personnel and for customer bonuses, along with an increase in liabilities for vacation leave and flexitime. 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 Posts Net Financial Liabilities of €820 Million

Noncurrent financial liabilities fell from €238.7 million to €183.0 million. The decline stemmed from the redemption of loans, and also of credit lines no longer required for the financing of working capital. Overall, financial liabilities increased to around €1.47 billion (Dec. 31, 2012: €1.20 billion). Their share of total equity and liabilities was 22 percent. This compared with 18 percent at the end of fiscal 2012. Current liquidity (current securities, cash and cash equivalents) also rose compared with December 31, 2012. It amounted to €592.3 million (Dec. 31, 2012: €435.6 million) – an increase of 36 percent. Noncurrent securities fell from €61.1 million to €55.7 million. As of the first-half reporting date, WACKER had net financial liabilities (the balance of gross financial debt and noncurrent and current liquidity) totaling €820.0 million. By comparison, the figure at 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 June 30, 2013

T 2.5 Condensed Statement of Cash Flows

€ million	Q2 2013	Q2 2012*	Change in %	6M 2013	6M 2012*	Change in %
Net income for the period	15.1	61.1	–75.3	20.2	102.9	–80.4
Depreciation/appreciation of noncurrent assets	135.7	130.2	4.2	268.0	259.6	3.2
Changes in inventories	–2.9	–54.0	–94.6	44.5	–34.9	n.a.
Changes in trade receivables	–57.3	13.0	n.a.	–108.9	–121.3	–10.2
Changes in other assets	25.3	32.2	–21.4	34.1	41.3	–17.4
Changes in advance payments received	–49.7	–40.5	22.7	–108.0	–74.0	45.9
Changes from equity accounting	8.9	3.6	>100	19.4	6.6	>100
Other non-cash expenses, income and other items	40.8	–103.3	n.a.	24.1	28.5	–15.4
Cash flow from operating activities (gross cash flow)	115.9	42.3	>100	193.4	208.7	–7.3
Cash receipts and payments for investments	–100.5	–239.7	–58.1	–275.3	–487.2	–43.5
Cash flow from noncurrent investment activities before securities	–100.5	–239.7	–58.1	–275.3	–487.2	–43.5
Acquisition/disposal of securities	71.1	84.4	–15.8	133.4	89.5	49.1
Cash flow from investment activities	–29.4	–155.3	–81.1	–141.9	–397.7	–64.3
Distribution of profit from prior-year net income	–31.2	–110.7	–71.8	–31.2	–110.7	–71.8
Changes in financial liabilities	277.5	–2.2	n.a.	271.7	326.3	–16.7
Cash flow from financing activities	246.3	–112.9	n.a.	240.5	215.6	11.5
Changes due to exchange-rate fluctuations	–2.0	2.5	n.a.	–0.9	1.6	n.a.
Changes in cash and cash equivalents	330.8	–223.4	n.a.	291.1	28.2	>100
At the beginning of the period	152.9	725.5	–78.9	192.6	473.9	–59.4
At the end of the period	483.7	502.1	–3.7	483.7	502.1	–3.7

T 2.6 Net Cash Flow

€ million	Q2 2013	Q2 2012	Change in %	6M 2013	6M 2012	Change in %
Cash flow from operating activities (gross cash flow)	115.9	42.3	>100	193.4	208.7	–7.3
Changes in advance payments received	49.7	40.5	22.7	108.0	74.0	45.9
Cash flow from noncurrent investment activities before securities	–100.5	–239.7	–58.1	–275.3	–487.2	–43.5
Additions from finance leases	–	–	n.a.	–	–	n.a.
Net cash flow	65.1	–156.9	n.a.	26.1	–204.5	n.a.

* 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. To enhance financial scope for its ongoing investment projects, WACKER decided to add long-term credit facilities to its financing strategy. To this end, the Group issued senior unsecured notes in a private placement on the US market in Q2 2013. The transaction totaled US$400 million, and the notes were offered with three maturities of five, seven and ten years, respectively. The loan commitments are governed by standard market credit terms.

Gross Cash Flow

Cash flow from operating activities (gross cash flow) totaled €193.4 million in the first six months of 2013, almost reaching the prior-year figure of €208.7 million. Compared with the first half of 2012, net income was down substantially, coming in at €20.2 million (6M 2012: €102.9 million). At the same time, depreciation in the first half amounted to €268.0 million (6M 2012: €259.6 million), and provisions changed by €55.6 million (6M 2012: €100.1 million). This resulted in positive gross cash flow for the January-through-June period of 2013. Changes in working capital (trade receivables less trade payables, plus inventories) resulted in an increase of €58.9 million in capital employed. As expected, advance payments received for polysilicon deliveries in the first half of 2013 changed by €–108.0 million (6M 2012: €–74.0 million) in line with the deliveries made.

Cash Flow from Investment Activities

In the first half of 2013, cash flow from noncurrent investment activities was €–275.3 million, a marked decrease from a year ago (6M 2012: €–487.2 million). Some 60 percent of the funds went toward continued construction at the polysilicon site in Charleston, Tennessee (USA). The extension of the timeline for completing the project lowered capital expenditure in the first six months of 2013.

Cash flow from investment activities in the first half of 2013 came to €–141.9 million (6M 2012: €–397.7 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 comprises 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 the first half of 2013 was €26.1 million (6M 2012: €–204.5 million).

Cash Flow from Financing Activities

Cash flow from financing activities in the six months from January through June 2013 totaled €240.5 million (6M 2012: €215.6 million). The reported amount primarily reflects the cash received under the new note issues. The dividend payment by Wacker Chemie AG in the second quarter of 2013 led to an outflow of €29.8 million. The increase in cash and cash equivalents compared to December 31, 2012 was €291.1 million (6M 2012: €28.2 million), taking the total to €483.7 million (6M 2012: €502.1 million).

Division Results

January 1 through June 30, 2013

T 2.7 Sales

€ million	Q2 2013	Q2 2012	Change in %	6M 2013	6M 2012	Change in %
WACKER SILICONES	437.2	422.9	3.4	839.3	823.9	1.9
WACKER POLYMERS	273.4	276.1	–1.0	500.1	509.9	–1.9
WACKER BIOSOLUTIONS	40.5	40.1	1.0	81.0	81.3	–0.4
WACKER POLYSILICON	203.3	286.8	–29.1	438.7	653.4	–32.9
SILTRONIC	200.1	247.4	–19.1	371.3	448.5	–17.2
Corporate functions/Other	46.1	44.2	4.3	93.0	87.0	6.9
Consolidation	–50.3	–95.0	–47.1	–96.8	–187.2	–48.3
Group sales	1,150.3	1,222.5	–5.9	2,226.6	2,416.8	–7.9

T 2.8 EBIT

€ million	Q2 2013	Q2 2012*	Change in %	6M 2013	6M 2012*	Change in %
WACKER SILICONES	46.4	39.4	17.8	80.5	68.5	17.5
WACKER POLYMERS	35.2	36.0	–2.2	61.8	60.9	1.5
WACKER BIOSOLUTIONS	4.4	5.4	–18.5	9.6	11.7	–17.9
WACKER POLYSILICON	4.4	65.1	–93.2	–0.7	160.4	n.a.
SILTRONIC	–14.7	–9.8	50.0	–36.7	–58.9	–37.7
Corporate functions/Other	–24.7	–23.9	3.3	–31.1	–46.1	–32.5
Consolidation	1.5	–0.3	n.a.	1.3	–0.7	n.a.
Group EBIT	52.5	111.9	–53.1	84.7	195.8	–56.7

T 2.9 EBITDA

€ million	Q2 2013	Q2 2012*	Change in %	6M 2013	6M 2012*	Change in %
WACKER SILICONES	66.3	59.9	10.7	120.0	109.3	9.8
WACKER POLYMERS	44.4	45.3	–2.0	80.1	79.4	0.9
WACKER BIOSOLUTIONS	5.9	7.1	–16.9	12.8	15.0	–14.7
WACKER POLYSILICON	64.0	120.3	–46.8	116.5	270.4	–56.9
SILTRONIC	9.1	13.0	–30.0	9.8	–12.7	n.a.
Corporate functions/Other	–3.0	–3.2	–6.3	12.2	–5.3	n.a.
Consolidation	1.5	–0.3	n.a.	1.3	–0.7	n.a.
Group EBITDA	188.2	242.1	–22.3	352.7	455.4	–22.6

T 2.10 Reconciliation with Segment Results

€ million	Q2 2013	Q2 2012*	Change in %	6M 2013	6M 2012*	Change in %
EBIT of reporting segments	75.7	136.1	–44.4	114.5	242.6	–52.8
Corporate functions/Other	–24.7	–23.9	3.3	–31.1	–46.1	–32.5
Consolidation	1.5	–0.3	n.a.	1.3	–0.7	n.a.
Group EBIT	52.5	111.9	–53.1	84.7	195.8	–56.7
Financial result	–21.1	–14.9	41.6	–35.7	–28.1	27.0
Income before taxes	31.4	97.0	–67.6	49.0	167.7	–70.8

* 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	Q2 2013	Q2 2012	Change in %	6M 2013	6M 2012	Change in %
Sales						
External sales	437.0	420.1	4.0	839.1	817.1	2.7
Internal sales	0.2	2.8	–92.9	0.2	6.8	–97.1
Total sales	437.2	422.9	3.4	839.3	823.9	1.9
EBIT	46.4	39.4	17.8	80.5	68.5	17.5
EBIT margin (%)	10.6	9.3	–	9.6	8.3	–
Depreciation	19.9	20.5	–2.9	39.5	40.8	–3.2
EBITDA	66.3	59.9	10.7	120.0	109.3	9.8
EBITDA margin (%)	15.2	14.2	–	14.3	13.3	–
Investments	16.0	17.2	–7.0	30.0	31.4	–4.5
As of	June 30, 2013	March 31, 2013	Change in %	June 30, 2013	Dec. 31, 2012	Change in %
Number of employees	4,137	4,086	1.2	4,137	3,960	4.5

WACKER SILICONES posted total sales of €437.2 million in Q2 2013, up more than 3 percent against the prior-year period (€422.9 million) and almost 9 percent more than in Q1 2013 (€402.1 million). The division expanded its second-quarter volumes for all major product groups. After the long winter in Europe, customer demand for silicones in the construction industry grew substantially from April through June. Business in Asia showed especially strong growth, but in all the other regions, too, sales surpassed the prior-year and prior-quarter figures. Due to the good order and sales-volume situation, capacity utilization at WACKER SILICONES' plants averaged over 90 percent. For the first half of 2013, sales in this business division totaled €839.3 million (6M 2012: €823.9 million).

EBITDA up Almost 11 Percent on Q2 2012 and a Good 23 Percent Higher than Q1 2013

WACKER SILICONES generated second-quarter earnings before interest, taxes, depreciation and amortization of €66.3 million (Q2 2012: €59.9 million). As a result, EBITDA was up almost 11 percent on Q2 2012 and a good 23 percent higher than in the preceding quarter (Q1 2013: €53.7 million). The EBITDA margin for 2013's second quarter was 15.2 percent, compared with 14.2 percent in Q2 2012 and 13.4 percent in the first quarter of 2013. Earnings for the division were positively impacted by higher sales volumes, good fixed-cost coverage from high plant utilization, and adjusted intercompany transfer prices for siloxane in China. Conversely, continuing price pressure, especially for standard silicones, and negative exchange-rate effects slowed down the trend in earnings. WACKER SILICONES posted EBITDA of €120.0 million in the full first half of 2013 (6M 2012: €109.3 million). The corresponding EBITDA margin for January through June was 14.3 percent (6M 2012: 13.3 percent).

WACKER SILICONES invested a total of €16.0 million in April through June 2013 (Q2 2012: €17.2 million). Capital expenditures focused primarily on expanding capacities for downstream silicone products. Investments reached €30.0 million in the first six months of 2013 (6M 2012: €31.4 million).

As of June 30, 2013, WACKER SILICONES had 4,137 employees (March 31, 2013: 4,086).

WACKER POLYMERS

T 2.12 WACKER POLYMERS

€ million	Q2 2013	Q2 2012	Change in %	6M 2013	6M 2012	Change in %
Sales						
External sales	268.6	269.2	–0.2	490.1	495.0	–1.0
Internal sales	4.8	6.9	–30.4	10.0	14.9	–32.9
Total sales	273.4	276.1	–1.0	500.1	509.9	–1.9
EBIT	35.2	36.0	–2.2	61.8	60.9	1.5
EBIT margin (%)	12.9	13.0	–	12.4	11.9	–
Depreciation	9.2	9.3	–1.1	18.3	18.5	–1.1
EBITDA	44.4	45.3	–2.0	80.1	79.4	0.9
EBITDA margin (%)	16.2	16.4	–	16.0	15.6	–
Investments	5.3	12.5	–57.6	13.2	23.9	–44.8
As of	June 30, 2013	March 31, 2013	Change in %	June 30, 2013	Dec. 31, 2012	Change in %
Number of employees	1,380	1,371	0.7	1,380	1,365	1.1

WACKER POLYMERS generated total sales of €273.4 million from April through June 2013 (Q2 2012: €276.1 million). This 1-percent decline is primarily due to somewhat lower year-over-year prices, which were not fully offset by the division's higher volumes. Compared with the preceding quarter (€226.7 million), sales were up by almost 21 percent. Here, WACKER POLYMERS profited from a significant rise in demand from construction-industry customers after the long winter in Europe. Volume growth was correspondingly strong compared with the preceding quarter. Dispersible polymer powders posted particularly strong volume growth. Prices remained largely unchanged against the first quarter of 2013. The dispersions business developed well in the carpet and adhesives industries. Demand was somewhat slower for packaging and nonwoven applications. Regionally, growth was driven mainly by Asia. The highest percentage growth was seen in India and Brazil. Regional sales for Germany, Europe and the Americas were somewhat below the level of the previous year. WACKER POLYMERS' plant utilization averaged almost 80 percent during the second quarter. In the first six months of 2013, the division generated sales of €500.1 million (6M 2012: €509.9 million).

EBITDA Slightly Down on Last Year, but 24 Percent above Preceding Quarter

WACKER POLYMERS posted second-quarter earnings before interest, taxes, depreciation and amortization of €44.4 million (Q2 2012: €45.3 million) – down almost 2 percent from a year ago, but 24 percent higher than in Q1 2013 (€35.7 million). The EBITDA margin for April through June 2013 reached 16.2 percent (Q2 2012: 16.4 percent). In the first quarter of 2013, the EBITDA margin was 15.7 percent. The significant increase in quarter-on-quarter earnings was mainly due to higher volumes. Conversely, EBITDA was dampened by prices, which were somewhat lower than a year ago, and by exchange-rate effects. In the full first half of 2013, WACKER POLYMERS posted EBITDA of €80.1 million (6M 2012: €79.4 million). This resulted in an EBITDA margin of 16.0 percent, compared with 15.6 percent a year earlier.

WACKER POLYMERS invested €5.3 million in the second quarter of 2013 (Q2 2012: €12.5 million). In January through June 2013, the division's capital expenditures amounted to €13.2 million (6M 2012: €23.9 million).

At the Nanjing site in China, a new production plant for vinyl acetate-ethylene copolymer dispersions officially started up on April 22. With the additional 60,000 metric tons from the new second reactor line, the local VAE dispersion capacity has doubled to a total of 120,000 metric tons per year. This expansion enables WACKER POLYMERS to meet the growing demand of its Asian customers.

In South America, WACKER opened its expanded technical and training center near São Paulo (Brazil) in April 2013. The expansion focused on technical laboratories for polymer binders used primarily in construction-chemical applications. The enlarged facility allows the Brazilian technical center to enhance its local expertise in the areas of technical support, know-how transfer and service in the high-growth markets of South America.

WACKER POLYMERS had 1,380 employees worldwide on June 30, 2013 (March 31, 2013: 1,371).

WACKER BIOSOLUTIONS

T 2.13 WACKER BIOSOLUTIONS

€ million	Q2 2013	Q2 2012	Change in %	6M 2013	6M 2012	Change in %
Sales						
External sales	40.5	39.2	3.3	81.0	79.1	2.4
Internal sales	–	0.9	–100.0	–	2.2	–100.0
Total sales	40.5	40.1	1.0	81.0	81.3	–0.4
EBIT	4.4	5.4	–18.5	9.6	11.7	–17.9
EBIT margin (%)	10.9	13.5	–	11.9	14.4	–
Depreciation	1.5	1.7	–11.8	3.2	3.3	–3.0
EBITDA	5.9	7.1	–16.9	12.8	15.0	–14.7
EBITDA margin (%)	14.6	17.7	–	15.8	18.5	–
Investments	1.5	5.5	–72.7	4.1	8.4	–51.2

As of	June 30, 2013	March 31, 2013	Change in %	June 30, 2013	Dec. 31, 2012	Change in %
Number of employees	372	361	3.0	372	357	4.2

WACKER BIOSOLUTIONS reported total sales of €40.5 million for April through June 2013, after €40.1 million last year. Sales were thus roughly at last year's level and on a par with the preceding quarter (€40.5 million). Products used in agricultural and medical applications saw year-over-year growth. For the first six months of 2013, sales at WACKER BIOSOLUTIONS totaled €81.0 million (6M 2012: €81.3 million).

The division's second-quarter EBITDA decreased by €1.2 million to €5.9 million (Q2 2012: €7.1 million). WACKER BIOSOLUTIONS' earnings were slowed by higher raw-material costs due to changes in the product mix and by the somewhat lower prices for some of the division's products. Compared with the first three months of the year (€6.9 million), EBITDA declined by €1.0 million in the second quarter. The EBITDA margin for Q2 2013 was 14.6 percent, after 17.7 percent a year ago and 17.0 percent in the preceding quarter. For the full first half of 2013, EBITDA came in at €12.8 million (6M 2012: €15.0 million), yielding an EBITDA margin of 15.8 percent (6M 2012: 18.5 percent).

WACKER BIOSOLUTIONS invested €1.5 million in the second quarter (Q2 2012: €5.5 million). Investments in the first six months totaled €4.1 million (6M 2012: €8.4 million).

In late June, the European Commission certified a scientifically proven health benefit in alpha-cyclodextrin, a WACKER BIOSOLUTIONS product. The EU expert opinion confirmed the health claim that alpha-cyclodextrins can reduce the increase in blood-sugar after a starchy meal. They provide dietary fiber to beverages, dairy products, muesli bars and breakfast cereals, for example.

As of June 30, 2013, employee numbers at WACKER BIOSOLUTIONS totaled 372 (March 31, 2013: 361).

WACKER POLYSILICON

T 2.14 WACKER POLYSILICON

€ million	Q2 2013	Q2 2012	Change in %	6M 2013	6M 2012	Change in %
Sales						
External sales	180.7	232.2	–22.2	397.3	548.8	–27.6
Internal sales	22.6	54.6	–58.6	41.4	104.6	–60.4
Total sales	203.3	286.8	–29.1	438.7	653.4	–32.9
EBIT	4.4	65.1	–93.2	–0.7	160.4	n.a.
EBIT margin (%)	2.2	22.7	–	–0.2	24.5	–
Depreciation	59.6	55.2	8.0	117.2	110.0	6.5
EBITDA	64.0	120.3	–46.8	116.5	270.4	–56.9
EBITDA margin (%)	31.5	41.9	–	26.6	41.4	–
Investments	89.9	170.4	–47.2	171.0	300.5	–43.1
As of	June 30, 2013	March 31, 2013	Change in %	June 30, 2013	Dec. 31, 2012	Change in %
Number of employees	2,138	2,161	–1.1	2,138	2,349	–9.0

The year's second quarter was again very challenging for WACKER POLYSILICON. The market and competitive environment was marked by continued consolidation throughout the solar industry and by low prices for polysilicon. The solar dispute between the European Union and China has unsettled solar-sector companies and disrupted their order patterns. Amid these business conditions, the division's second-quarter sales reached €203.3 million, after €286.8 million a year earlier – down 29 percent. This decline was mainly caused by prices, which were about one-third lower than in the same period last year. Compared with Q1 2013 (€235.4 million), sales decreased by almost 14 percent. The main factor here was that the first quarter's very high volumes were not reached, since there were fewer orders on the books. Lower quarter-on-quarter quantities were ordered because of fears that China might retroactively introduce punitive tariffs on polysilicon imports. Prices for polysilicon remained stable yet low quarter on quarter. Average plant utilization at the division was about 90 percent in the quarter under review. For the full first half of 2013, sales at WACKER POLYSILICON amounted to €438.7 million (6M 2012: €653.4 million).

Earnings Marked by Low Solar-Silicon Prices

Due to the substantial drop in solar-silicon prices, the division's earnings before interest, taxes, depreciation and amortization declined by almost 47 percent year over year, to €64.0 million (Q2 2012: €120.3 million). EBITDA included €23.8 million from retained advance payments and damages for terminated polysilicon contracts (Q2 2012: €19.4 million). In Q1 2013, this item had amounted to €32.2 million. Compared with the first three months of 2013 (€52.5 million), WACKER POLYSILICON increased its EBITDA by over 22 percent. This was partly the result of higher plant utilization relative to the preceding quarter. The EBITDA margin for the second quarter was 31.5 percent, after 41.9 percent in Q2 2012 and

22.3 percent in Q1 2013. WACKER POLYSILICON posted EBITDA of €116.5 million in January through June 2013 (6M 2012: €270.4 million). This corresponds to an EBITDA margin of 26.6 percent (6M 2012: 41.4 percent).

WACKER POLYSILICON invested a total of €89.9 million in April through June 2013 (Q2 2012: €170.4 million), 47 percent less than a year earlier. Capital expenditures focused primarily on the polysilicon facilities under construction at Charleston (Tennessee, USA). The decision had already been made last year to extend the timeline for the project. The site's completion is expected in mid-2015. This schedule takes account of anticipated customer demand for solar silicon and, at the same time, optimizes investment activities – easing this year's budget by several hundred million euros. Due to the new schedule, the total investment cost will increase to around 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. In the first six months of 2013, the division's overall capital expenditures amounted to €171.0 million, compared with €300.5 million in the same period last year.

As of June 30, 2013, WACKER POLYSILICON had 2,138 employees (March 31, 2013: 2,161).

SILTRONIC

T 2.15 SILTRONIC

€ million	Q2 2013	Q2 2012	Change in %	6M 2013	6M 2012	Change in %
Sales						
External sales	198.3	244.9	–19.0	368.0	444.1	–17.1
Internal sales	1.8	2.5	–28.0	3.3	4.4	–25.0
Total sales	200.1	247.4	–19.1	371.3	448.5	–17.2
EBIT	–14.7	–9.8	50.0	–36.7	–58.9	–37.7
EBIT margin (%)	–7.3	–4.0	–	–9.9	–13.1	–
Depreciation	23.8	22.8	4.4	46.5	46.2	0.6
EBITDA	9.1	13.0	–30.0	9.8	–12.7	n.a.
EBITDA margin (%)	4.5	5.3	–	2.6	–2.8	–
Investments	8.3	26.1	–68.2	16.6	42.5	–60.9
As of	June 30, 2013	March 31, 2013	Change in %	June 30, 2013	Dec. 31, 2012	Change in %
Number of employees	3,818	3,890	–1.9	3,818	3,978	–4.0

In Q2 2013, Siltronic posted total sales of €200.1 million, after €247.4 million last year. This 19-percent decline against Q2 2012 was mainly due to lower year-over-year prices for silicon wafers. Compared with Q1 2013 (€171.2 million), sales climbed by 17 percent, benefiting primarily from appreciably stronger customer demand. Volumes grew substantially relative to the preceding quarter. Prices were slightly below the first-quarter level. Plant utilization at Siltronic averaged about 80 percent in the second quarter. In the full first half of 2013, Siltronic's sales totaled €371.3 million, after €448.5 million in the same period last year.

Siltronic Posts Second-Quarter EBITDA of €9.1 Million

Although silicon-wafer prices were substantially lower than a year ago, Siltronic reported positive EBITDA for the second quarter. Earnings were supported by Siltronic's improvements to production costs, compared with a year ago. Conversely, exchange-rate effects stemming from both a weaker yen and US dollar slowed the earnings trend. Overall, the division achieved EBITDA of €9.1 million in Q2 2013, €3.9 million less than a year ago (€13.0 million), but €8.4 million more than in the preceding quarter (€0.7 million). The EBITDA margin for the second quarter of 2013 came in at 4.5 percent, compared with 5.3 percent last year and 0.4 percent in Q1 2013. Siltronic's total EBITDA for the first six months of the year amounted to €9.8 million (6M 2012: €–12.7 million). The EBITDA margin for the first half of 2013 was 2.6 percent, compared with –2.8 percent in the previous year.

Siltronic invested €8.3 million in the second quarter, after €26.1 million in the same quarter of last year. Capital expenditures focused primarily on measures to keep pace with technological progress in the semiconductor industry. In the full first half of 2013, Siltronic's capital expenditures amounted to €16.6 million (6M 2012: €42.5 million).

In early April, Siltronic received special recognition from a customer. Intel Corporation conferred its "Preferred Quality Supplier Award" on Siltronic for outstanding achievements in 2012. Siltronic was honored for contributing significantly to Intel's success by supplying high-quality polished and epitaxial silicon wafers.

Siltronic had 3,818 employees as of June 30, 2013 (March 31, 2013: 3,890).

Other

Sales for activities posted under "Other" amounted to €46.1 million in the April-through-June quarter, after €44.2 million in the same period last year. "Other" EBITDA for Q2 2013 was €–3.0 million (Q2 2012: €–3.2 million).

For the six months from January through June 2013, sales totaled €93.0 million, after €87.0 million last year, with EBITDA at €12.2 million (6M 2012: €–5.3 million).

As of June 30, 2013, the "Other" segment had 4,358 employees (March 31, 2013: 4,379). This number includes, for example, site management and infrastructure-unit employees at Burghausen and Nünchritz (Germany).

Risks and Opportunities

Moderate Growth in the Global Economy and Continued Regulatory Risk in the Solar Business

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 the WACKER Group. Our risk management not only complies with legal requirements, but is also a component in all our decisions and business processes. Its goal is to identify risks as early as possible, to evaluate them appropriately, and to minimize them through suitable measures. Compared with the previous year and the preceding quarter, no fundamental changes were made to the WACKER Group's existing risk management system during Q2 2013.

WACKER continually monitors risks that could arise from a slowdown in the global economy and in the markets where it operates. Second-quarter business and current economic and market forecasts indicate, though, that moderate global growth will continue throughout 2013 and beyond, albeit at a regionally varied pace and to a different extent in individual segments.

In its chemical divisions, WACKER's strong market position and proximity to customers enabled it to benefit in the second quarter from robust and partially seasonal customer demand and to compensate for pressure on standard-product prices by increasing volumes. Wherever market conditions and existing customer contracts permit, WACKER takes advantage of opportunities to raise prices in line with the market. WACKER also continually strives to optimize its sales structures and distribution partnerships. By steadily expanding its global network of technical centers, WACKER is able to strengthen its product expertise and customer proximity, and to continue to improve its regional presence in key sales markets and growth areas.

In the solar industry, market and competitive conditions remain challenging. The sector's ongoing consolidation process is not yet over and solar-silicon prices are still at a very low level. Some market projections, however, are starting to indicate that a long-term balance between supply and demand is in sight. The photovoltaic market basically remains an attractive growth segment, since more and more countries are switching to solar energy, making photovoltaics more independent of European markets, which have predominated so far. Construction of the new US polysilicon production site in Charleston, Tennessee, will help WACKER to meet projected growth and strengthen its position as a leading supplier of solar silicon worldwide.

Short-term risks from the solar dispute between the European Union and China increased in the reporting period. In early June, the European Union imposed provisional punitive tariffs of 11.8 percent on Chinese solar products. China, in turn, considered retaliatory action, including punitive tariffs on polysilicon produced in Europe. On July 27, the

European Commission announced that China had proposed setting minimum prices and volume limits for solar modules exported to Europe. Following a hearing by the advisory committees of EU member states, EU Trade Commissioner, Karel De Gucht, intends to present this proposal to the European Commission for approval. If an agreement is not reached and the dispute escalates further, this could cause sales volumes for solar systems in Europe to fall sharply, with a similar impact on polysilicon demand among WACKER's customers in China. The EU member states are expected to reach a decision on the introduction of permanent punitive tariffs in early December of this year.

Currently, it is not fully clear whether a compromise between the European Union and China will be reached. If the agreement fails and long-term punitive tariffs are globally imposed on polysilicon, there would be 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.

In WACKER's semiconductor business, silicon-wafer volumes increased noticeably in Q2 2013. According to market experts, demand will climb in full-year 2013, though more slowly than expected at the beginning of the year. There is currently no significant second-half recovery on the horizon, which reduces the likelihood of higher wafer prices. Siltronic is continuing to improve not only the efficiency of its production and business processes, but also its cost basis.

On the whole, increased demand for WACKER products in Q2 2013 has stabilized plant utilization and, in some cases, increased it.

It is WACKER's stated policy to expand the share of product sectors in its portfolio that have a higher degree of resilience to changes in the economic environment.

Initiative to Increase Efficiency and Lower Costs

Through a broad initiative covering every business division and corporate department, WACKER is aiming to enhance business-process efficiency, to reduce costs and, as a result, to increase its competitive strength and profitability. In 2013 alone, this initiative is expected to save €200 million, with around half being achieved at WACKER POLYSILICON. In semiconductors, this particularly involves measures at Siltronic to reduce 300 mm production costs. Another important tool in this initiative is the Wacker Operating System (WOS), a continuous productivity-improvement program in chemicals, spanning the entire supply chain.

Raw Materials and Energy Remain a Strategic Factor for the Group's Success

Since WACKER's raw-material and energy expenditures account for a large part of the cost of goods sold, price trends on procurement markets and the availability of certain raw materials have a crucial impact on earnings and corporate success. 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 various times and with various contract periods while simultaneously covering its remaining needs on the spot market. Factors affecting future energy costs at WACKER include possible changes in regulatory agency rules regarding the German Renewable Energy Act ("EEG") reallocation charge and the power grid charge.

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, contract terms for key raw materials allow for adjustments in purchase volumes and, wherever possible, for lower prices to become effective using escalator clauses. If the global economy grows, many contracts contain 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 is of particular importance with respect to the US dollar, Japanese yen and Chinese renminbi. With the exception of the Chinese renminbi, WACKER strategically hedges the resulting net exposure above a certain limit with derivative financial instruments. In addition, WACKER counters exchange-rate risks through its local production sites, and through local bank financing.

It cannot be ruled out that the euro trend during the remainder of 2013 will be less favorable against the main foreign currencies relating to WACKER. Any resulting negative impacts will be partially counteracted with hedging activities.

Additional explanations regarding risks and opportunities facing WACKER's product portfolio and the specific risks facing the individual divisions, corporate functions, market segments and sales regions, our assessment of their probability and the measures we take to counter these risks are described in detail in our current 2012 Annual Report in the "Risk Management Report" section on pages 121 to 135 and in the "Opportunities Report" section on pages 161 to 165.

The assessments we made there did not change substantially in the period under review, except for the above-mentioned risks arising from the solar dispute between the EU and China, and from slower-than-expected growth in the semiconductor industry.

Executive Board Evaluation of Overall Risk

A mutual solution to the solar dispute between the EU and China had not been conclusively reached at the time of this report's publication. The danger has not yet been completely eliminated that this dispute could further escalate with ensuing trade sanctions, possibly in the form of punitive tariffs imposed by China on European polysilicon. This would pose a significant risk to WACKER's polysilicon business. As per this report's publication date, however, the Group's Executive Board does not, overall, see any individual or aggregate risk that could endanger WACKER's future in any material way. Growing customer demand in numerous areas is stabilizing and enhancing utilization of our production capacities. The market situation for the photovoltaic industry remains difficult, due to the consolidation process still taking place. This curbs profitability in our polysilicon business. Despite these risks, we see good opportunities for success in this market over the medium to long term. WACKER remains strategically, financially and operationally well placed to take advantage of any opportunities that arise.

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

Events after the Balance Sheet Date

of June 30, 2013

No material events occurred between the balance sheet date of June 30, 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

Risks and Uncertainties for Continued Global Economic Growth Remain

The world economy is expected to gain some momentum during the second half of 2013 and in 2014, though the pace of regional expansion will remain very varied. The risks to world trade and growth due to the sovereign-debt and financial crisis in the USA and Europe are still as strong as ever. The free-trade dispute between the European Union and China about solar products is a worry, and not just for the photovoltaic industry. If the compromise proposed is not implemented and the conflict escalates further, this could have far-reaching consequences for core areas of Europe's export sector. The impact of political decisions on future global economic growth should not be underestimated.

The International Monetary Fund (IMF) recently lowered its growth projections slightly. Full-year 2013 is likely to see the world economy expanding by 3.1 percent. For 2014, IMF experts are forecasting growth of 3.8 percent. Momentum will continue to be strongest in the emerging markets and developing economies of Asia, South America and Eastern Europe. Here, the IMF expects an increase in total GDP of 5.0 percent this year and 5.4 percent next year. In industrialized countries, GDP is expected to grow by 1.2 percent in 2013 and by 2.1 percent in 2014.[1]

Asia's economies will continue to expand at an above-average pace – with China benefiting not only from rising domestic demand, but also from an export revival. According to the IMF's latest estimates, China will increase its output by 7.8 percent this year and by 7.7 percent in 2014. India and the ASEAN countries will follow, each with 5.6-percent growth this year. For 2014, India is expected to increase GDP by 6.3 percent and the ASEAN countries by 5.7 percent.[1]

In Japan, the positive effects of recent fiscal policy decisions will remain noticeable, prompting growth of 2.0 percent (2013) and 1.2 percent (2014).[1]

In the USA, the IMF expects the economic recovery to become broader and stronger over the coming months, with GDP increasing by 1.7 percent this year and 2.7 percent the next.[1]

In the eurozone, strong regional differences will continue. According to the latest OECD figures, Germany's GDP is expected to climb by 0.4 percent this year and 1.9 percent next year. Output is forecast to decline this year not only in the crisis economies of Europe, such as Greece, Italy and Portugal, but also in France. The slowdown will impact the eurozone as a whole, with total GDP decreasing by 0.6 percent this year and not climbing again until 2014, when growth of around 1.1 percent is anticipated.[2]

[1] International Monetary Fund, World Economic Outlook Update: Growing Pains, Washington, July 9, 2013
[2] Organisation for Economic Co-Operation and Development (OECD), OECD Economic Outlook No. 93, Paris, May 29, 2013

In the markets where WACKER operates, business conditions and customer demand will continue to be marked by diverging trends. Due to the gradual recovery of the world economy, the German Chemical Industry Association (VCI) expects the country's chemical sector to increase both output and sales, each rising by 1.5 percent during the current year. According to the VCI, this improvement will mainly stem from moderate growth in domestic business, from rising exports to Germany's European neighbors, and from the increasing strength of exports abroad.[1]

In the semiconductor industry, the silicon-wafer market's growth – a subdued 2.5 percent in full-year 2013 – will gain momentum next year. According to the Gartner Group's latest forecast for 2014, wafer sales by surface area will climb by 7.8 percent, with the 300 mm segment expected to perform even better, growing by 10.3 percent.[2] The Japanese yen's rate against the US dollar and the euro will be an important factor for future price trends in this market.

In the solar sector, the market-consolidation process and the trend of moving production capacity to Asia are continuing. Prices for polysilicon have stabilized at a low level. Some observers tentatively anticipate a stronger supply-and-demand balance for polysilicon in the second half of 2013, and expect it to continue in 2014.[3] For the current year, WACKER expects newly installed photovoltaic capacity of between 34 and 40 gigawatts globally.

Future Developments at the WACKER Group

WACKER's business strategy in 2013 and the coming years will be shaped by three factors:

- Expansion into emerging markets and regions
- Innovations
- Substitution of established market offerings with WACKER products

The Group's strategic priority is to grow organically using its own resources. Organic growth is based on large integrated sites and specialty plants for downstream products in Europe, the USA and Asia. WACKER is continuing to expand its global presence and proximity to customers through an increasing number of technical centers and WACKER ACADEMY locations. Alongside established markets in Europe and the USA, WACKER is concentrating on the growth markets of China, South Korea, India, Southeast Asia and Brazil.

In all these markets, WACKER sees good growth opportunities for its chemical divisions in numerous sectors, including construction, electrical engineering, cosmetics and textiles. Demand for WACKER's chemical products is fueled by rising affluence and mobility, and by infrastructure expansion in the world's major urban centers.

[1] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 1st half-year 2013, Frankfurt, July 11, 2013
[2] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 2Q13 Update, Stamford (USA), June 28, 2013
[3] Macquarie, Equities Research, Solar Polysilicon: Calling the inflection point, Sydney, June 7, 2013

Although the current solar-market situation is difficult, WACKER sees good opportunities for medium- and long-term growth in polysilicon. Worldwide, installed photovoltaic capacity will increase further both this year and the next. As supply and demand become increasingly balanced, there is a chance that polysilicon prices could climb back to an adequate level. However, this price recovery is based on the assumption that the trade dispute between the European Union and China is settled amicably and that the punitive tariffs imposed by the EU Commission on Chinese solar products will be temporary.

The Siltronic division will concentrate on satisfying ongoing demand growth for 300 mm wafers with top-quality products, on cutting its production costs and on increasing productivity. Siltronic's goal is to make a positive contribution to the Group's cash flow and earnings.

Investments on Par with Depreciation

WACKER intends to invest some €550 million both in 2013 and 2014. At about the same level as annual depreciation, this amount is unlikely to be completely covered by the cash flow expected from operating activities. The focus of capital expenditures remains the completion of the new US polysilicon site at Charleston, Tennessee, which is scheduled to come on stream in mid-2015. At its Chinese polymer site in Nanjing, WACKER aims to start up a production facility for polyvinyl acetate solid resins late this year.

Cost Savings of €200 Million Planned

WACKER has made resource management a key priority for this year. Through a broad initiative covering every business division and corporate department, WACKER is aiming to enhance business-process efficiency, to reduce costs and, as a result, to increase its competitive strength and profitability. In 2013 alone, this initiative is expected to save €200 million, with around half being achieved at WACKER POLYSILICON. In semiconductors, this particularly involves measures at Siltronic to reduce 300 mm production costs. Another important tool in this initiative is the Wacker Operating System (WOS), a continuous productivity-improvement program in chemicals, spanning the entire supply chain.

Financial Liabilities Not to Exceed €1 Billion

Net financial liabilities will continue to grow during the year. The target here is to stay below the one-billion-euro mark by year-end. Although 2013's net cash flow will remain negative, the gap will be much smaller than a year ago.

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 Q2 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.

WACKER Expects Substantial Sales and Earnings Growth through to 2017

WACKER's medium-term targets through to 2017 – which were presented by the Executive Board at Capital Markets Day in London in early July – anticipate average sales growth of about 6 percent annually for the coming years. By 2017, sales are expected to climb to between €6 billion and €6.5 billion, with Group EBITDA increasing about 9 percent during this period to reach €1.2 billion in 2017. This corresponds to an EBITDA margin of about 20 percent. The return on capital employed (ROCE) is estimated to be over 11 percent at that point.

Overall Expectations for Corporate Performance

In mid-2013, the Executive Board specified its projections for full-year sales. Based on assumptions made in the Q1 2013 report about energy and raw-material costs, personnel expenses and exchange-rate effects, we expect Group sales for full-year 2013 to come in at around €4.5 billion (2012: €4.63 billion). For this to be achieved, however, it is important that there is no escalation in the trade dispute about Chinese solar products. This forecast is based on prices that are weaker than last year, especially for polysilicon and semiconductor wafers. In chemicals, we expect higher full-year sales thanks to volume growth amid lower prices. Overall, the price declines are likely to dampen Group sales by some €350 million.

As already forecast in the 2012 Annual Report, Group EBITDA for 2013 is expected to remain below last year's figure, primarily due to lower year-on-year prices for solar silicon and semiconductor wafers. At the chemical divisions, EBITDA is projected to edge above the prior-year figures. WACKER POLYSILICON is planning to make a substantial contribution to EBITDA in 2013. The division's earnings, though, will not reach the prior-year level, based on the polysilicon prices in our estimates. At Siltronic, today's perspective does not offer any signs of a major EBITDA improvement on the prior-year period.

Group net income, according to our projections, will be slightly positive, amid a year-on-year rise in depreciation and a higher negative financial result.

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

Consolidated Statement of Income

January 1 through June 30, 2013

T 3.1 Consolidated Statement of Income

€ million	Q2 2013	Q2 2012*	Change in %	6M 2013	6M 2012*	Change in %
Sales	1,150.3	1,222.5	–5.9	2,226.6	2,416.8	–7.9
Cost of goods sold	–968.9	–980.5	–1.2	–1,921.3	–1,958.3	–1.9
Gross profit from sales	181.4	242.0	–25.0	305.3	458.5	–33.4
Selling expenses	–68.8	–69.4	–0.9	–133.8	–137.0	–2.3
Research and development expenses	–42.1	–43.7	–3.7	–82.2	–87.0	–5.5
General administrative expenses	–24.9	–29.2	–14.7	–49.3	–59.8	–17.6
Other operating income	51.6	69.3	–25.5	172.3	163.9	5.1
Other operating expenses	–37.2	–54.9	–32.2	–109.6	–137.7	–20.4
Operating result	60.0	114.1	–47.4	102.7	200.9	–48.9
Result from investments in joint ventures and associates	–7.5	–2.2	>100	–18.0	–5.2	>100
EBIT (earnings before interest and taxes)	52.5	111.9	–53.1	84.7	195.8	–56.7
Interest income	3.9	3.9	–	7.9	7.8	1.3
Interest expenses	–11.0	–5.1	>100	–19.3	–9.7	99.0
Other financial result	–14.0	–13.7	2.2	–24.3	–26.2	–7.3
Financial result	–21.1	–14.9	41.6	–35.7	–28.1	27.0
Income before taxes	31.4	97.0	–67.6	49.0	167.7	–70.8
Income taxes	–16.3	–35.9	–54.6	–28.8	–64.8	–55.6
Net income for the period	15.1	61.1	–75.3	20.2	102.9	–80.4
Of which						
Attributable to Wacker Chemie AG shareholders	13.6	59.3	–77.1	17.7	102.6	–82.7
Attributable to non-controlling interests	1.5	1.8	–16.7	2.5	0.3	>100
Earnings per share (basic/diluted) (€)	0.27	1.19	–77.3	0.36	2.07	–82.6
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	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 June 30, 2013

T 3.2 January to June

€ million	2013			2012*		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			20.2			102.9
Items not subsequently reclassified to the statement of income						
Remeasurements of defined benefit plans	116.2	–27.6	88.6	–260.2	70.8	–189.4
Sum of items not reclassified to the statement of income	116.2	–27.6	88.6	–260.2	70.8	–189.4
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustments	2.1	–	2.1	21.3	–	21.3
Changes in market values of the securities available for sale	–0.3	–	–0.3	0.4	–0.1	0.3
Changes in market values of derivative financial instruments (cash flow hedge)	–6.2	1.7	–4.5	–17.2	4.7	–12.5
Of which recognized in profit and loss	–0.7	0.2	–0.5	–6.5	1.8	–4.7
Effects of net investments in foreign operations	1.4	–	1.4	–	–	–
Share of cash flow hedge in associates accounted for using the equity method	–0.7	–	–0.7	0.2	–	0.2
Non-controlling interests	–0.9	–	–0.9	–0.2	–	–0.2
Sum of items reclassified to the statement of income	–4.6	1.7	–2.9	4.5	4.6	9.1
Income and expenses recognized in equity	111.6	–25.9	85.7	–255.7	75.4	–180.3
Total income and expenses reported			105.9			–77.4
Of which						
Attributable to Wacker Chemie AG shareholders			104.3			–77.5
Attributable to non-controlling interests			1.6			0.1

* 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

April 1 through June 30, 2013

T 3.3 April to June

€ million	2013			2012*		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			15.1			61.1
Items not subsequently reclassified to the statement of income						
Remeasurements of defined benefit plans	64.6	–16.5	48.1	–113.0	31.2	–81.8
Sum of items not reclassified to the statement of income	64.6	–16.5	48.1	–113.0	31.2	–81.8
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustments	–23.4	–	–23.4	31.0	–	31.0
Changes in market values of the securities available for sale	–0.2	–	–0.2	–	–0.1	–0.1
Changes in market values of derivative financial instruments (cash flow hedge)	4.7	–1.3	3.4	–29.2	8.0	–21.2
Of which recognized in profit and loss	–0.9	0.2	–0.7	–2.4	0.7	–1.7
Effects of net investments in foreign operations	–2.7	–	–2.7	–	–	–
Share of cash flow hedge in associates accounted for using the equity method	–	–	–	–0.5	–	–0.5
Non-controlling interests	–1.5	–	–1.5	0.1	–	0.1
Sum of items reclassified to the statement of income	–23.1	–1.3	–24.4	1.4	7.9	9.3
Income and expenses recognized in equity	41.5	–17.8	23.7	–111.6	39.1	–72.5
Total income and expenses reported			38.8			–11.4
Of which						
Attributable to Wacker Chemie AG shareholders			38.8			–13.3
Attributable to non-controlling interests			–			1.9

* 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 Financial Position

June 30, 2013

T 3.4 Assets

€ million	June 30, 2013	June 30, 2012*	Change in %	Dec. 31, 2012*	Change in %
Intangible assets	22.3	28.1	–20.6	25.5	–12.5
Property, plant and equipment	3,909.3	3,687.3	6.0	3,922.9	–0.3
Investment property	1.5	1.5	–	1.5	–
Investments in joint ventures and associates accounted for using the equity method	22.1	121.6	–81.8	41.0	–46.1
Financial assets	273.0	165.3	65.2	269.8	1.2
Noncurrent securities	55.7	94.8	–41.2	61.1	–8.8
Other assets	23.5	12.9	82.2	21.8	7.8
Income tax receivables	8.8	11.2	–21.4	10.0	–12.0
Deferred tax assets	172.2	150.1	14.7	182.0	–5.4
Noncurrent assets	4,488.4	4,272.8	5.0	4,535.6	–1.0
Inventories	667.1	741.1	–10.0	712.1	–6.3
Trade receivables	709.8	681.1	4.2	600.2	18.3
Other assets	148.4	179.3	–17.2	171.8	–13.6
Income tax receivables	27.4	27.4	–	37.5	–26.9
Current securities	108.6	201.1	–46.0	243.0	–55.3
Cash and cash equivalents	483.7	502.1	–3.7	192.6	>100
Current assets	2,145.0	2,332.1	–8.0	1,957.2	9.6
Total assets	6,633.4	6,604.9	0.4	6,492.8	2.2

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

T 3.5 Equity and Liabilities

€ million	June 30, 2013	June 30, 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	1,989.0	1,983.0	0.3	2,001.1	–0.6
Other equity items	–184.5	–166.2	11.0	–271.1	–31.9
Equity attributable to Wacker Chemie AG shareholders	2,177.6	2,189.9	–0.6	2,103.1	3.5
Non-controlling interests	18.4	25.0	–26.4	18.2	1.1
Equity	2,196.0	2,214.9	–0.9	2,121.3	3.5
Provisions for pensions	1,151.0	1,109.3	3.8	1,240.8	–7.2
Other provisions	152.8	193.0	–20.8	159.4	–4.1
Income tax provisions	36.5	66.3	–44.9	32.1	13.7
Deferred tax liabilities	2.8	3.5	–20.0	2.8	–
Financial liabilities	1,285.0	865.8	48.4	958.5	34.1
Other liabilities	704.2	907.7	–22.4	816.6	–13.8
Noncurrent liabilities	3,332.3	3,145.6	5.9	3,210.2	3.8
Other provisions	118.6	157.9	–24.9	100.7	17.8
Income tax provisions	47.6	37.4	27.3	42.3	12.5
Income tax liabilities	0.9	1.5	–40.0	1.2	–25.0
Financial liabilities	183.0	248.2	–26.3	238.7	–23.3
Trade payables	350.1	380.4	–8.0	379.8	–7.8
Other liabilities	404.9	419.0	–3.4	398.6	1.6
Current liabilities	1,105.1	1,244.4	–11.2	1,161.3	–4.8
Liabilities	4,437.4	4,390.0	1.1	4,371.5	1.5
Total equity and liabilities	6,633.4	6,604.9	0.4	6,492.8	2.2

* 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 June 30, 2013

T 3.6 Consolidated Statement of Cash Flows

€ million	Q2 2013	Q2 2012*	Change in %	6M 2013	6M 2012*	Change in %
Net income for the period	15.1	61.1	–75.3	20.2	102.9	–80.4
Depreciation/appreciation of noncurrent assets	135.7	130.2	4.2	268.0	259.6	3.2
Changes in provisions	26.0	50.1	–48.1	55.6	100.1	–44.5
Changes in deferred taxes	–4.4	–4.1	7.3	–16.4	–15.6	5.1
Changes in inventories	–2.9	–54.0	–94.6	44.5	–34.9	n.a.
Changes in trade receivables	–57.3	13.0	n.a.	–108.9	–121.3	–10.2
Changes in other assets	25.3	32.2	–21.4	34.1	41.3	–17.4
Changes in advance payments received	–49.7	–40.5	22.7	–108.0	–74.0	45.9
Changes in other liabilities	–4.9	–141.4	–96.5	–0.8	–68.4	–98.8
Changes from equity accounting	8.9	3.6	>100	19.4	6.6	>100
Other non-cash expenses, income and other items	24.1	–7.9	n.a.	–14.3	12.4	n.a.
Cash flow from operating activities (gross cash flow)	115.9	42.3	>100	193.4	208.7	–7.3
Cash receipts and payments for investments	–110.5	–241.2	–54.2	–285.8	–489.2	–41.6
Proceeds from the disposal of noncurrent assets	10.0	1.5	>100	10.5	2.0	>100
Cash flow from noncurrent investment activities before securities	–100.5	–239.7	–58.1	–275.3	–487.2	–43.5
Cash receipts and payments for the acquisition/disposal of securities	71.1	84.4	–15.8	133.4	89.5	49.1
Cash flow from investment activities	–29.4	–155.3	–81.1	–141.9	–397.7	–64.3
Distribution of profit from prior-year net income	–31.2	–110.7	–71.8	–31.2	–110.7	–71.8
Changes in financial liabilities	277.5	–2.2	n.a.	271.7	326.3	–16.7
Cash flow from financing activities	246.3	–112.9	n.a.	240.5	215.6	11.5
Changes due to exchange-rate fluctuations	–2.0	2.5	n.a.	–0.9	1.6	n.a.
Changes in cash and cash equivalents	330.8	–223.4	n.a.	291.1	28.2	>100
At the beginning of the period	152.9	725.5	–78.9	192.6	473.9	–59.4
At the end of the period	483.7	502.1	–3.7	483.7	502.1	–3.7
Additional information						
Additions from finance leases	–	–	n.a.	–	–	n.a.

* 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 June 30, 2013

T 3.7 Consolidated Statement of Changes in Equity

€ million	Subscribed 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	–	–	–	102.6	–	102.6	0.3	102.9
Dividends paid	–	–	–	–109.3	–	–109.3	–1.4	–110.7
Income and expenses recognized in equity	–	–	–	–	–180.1	–180.1	–0.2	–180.3
June 30, 2012*	260.8	157.4	–45.1	1,983.0	–166.2	2,189.9	25.0	2,214.9
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	–	–	–	17.7	–	17.7	2.5	20.2
Dividends paid	–	–	–	–29.8	–	–29.8	–1.4	–31.2
Income and expenses recognized in equity	–	–	–	–	86.6	86.6	–0.9	85.7
June 30, 2013	260.8	157.4	–45.1	1,989.0	–184.5	2,177.6	18.4	2,196.0

T 3.8 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	–	–	–189.4	–	–189.0
Other changes	–0.1	–	–7.6	–	–	–7.7
Reclassification in the statement of income	–	–	–4.7	–	–	–4.7
Changes in exchange rates	–	21.3	–	–	–	21.3
June 30, 2012*	1.2	38.1	–16.1	–189.4	–	–166.2
Jan. 1, 2013	1.4	3.8	2.4	–278.7	–	–271.1
Additions	–	–	–1.7	93.3	–	91.6
Other changes	–0.3	–	–3.0	–4.7	–	–8.0
Reclassification in the statement of income	–	–	–0.5	–	–	–0.5
Changes in exchange rates	–	2.1	–	–	1.4	3.5
June 30, 2013	1.1	5.9	–2.8	–190.1	1.4	–184.5

* 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 June 30, 2013

Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of June 30, 2013 have been prepared in accordance with Section 37w 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. The accounting and valuation methods applicable in the 2012 fiscal year remain unchanged, but have been supplemented by the new accounting standards to be applied for the first time in 2013. 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 changes brought about by IAS 19 (revised in 2011) and by 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 determined as per each closing date. As of June 30, 2013, discount factors of 3.75 percent in Germany and 4.76 percent in the USA were used to determine the net pension obligations (June 30, 2012: 3.80 percent in Germany and 4.22 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 the first half of 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 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 for the WACKER POLYMERS segment, are usually lower in Q1 and Q4 than in Q2 and Q3. Another area of business that is exposed to seasonal variation is road salt, which depends very much on the severity of winter weather in the first and fourth quarters.

Other Financial Obligations

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 arose in the first half of 2013 compared with the information provided in the 2012 Annual Report.

New Accounting Standards

The following standards and interpretations of the IASB are to be applied for the first time in the first six months of 2013:

Standard/ Interpretation		Mandatory from	Endorsed by EU	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	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. The new approach has no substantial impact on WACKER's 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	The amendments affect IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34; only the IAS 16 amendments have a minor impact on WACKER's earnings, net assets and 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 this point in 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 in respect of 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 readers of the financial statements to assess the nature, risk and financial effects of the entity's involvement in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Application of the revised standard 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	April 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 is 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 impact the first-time application of the standard will have, it is also not yet possible to evaluate the potential impact of these amendments to IFRS 9 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.
IAS 36	Impairment of Assets – Disclosure of the Recoverable Amount of Non-Financial Assets	May 29, 2013	Jan. 1, 2014	Expected in Q4 2013	IFRS 13 “Fair Value Measurement” introduced a new rule amending IAS 36 “Impairment of Assets.” It requires disclosure of the recoverable amount of every cash-generating unit (or group of cash-generating units) for which a substantial amount of goodwill or substantial intangible assets of unlimited useful life have been recognized. The amendments in connection with IAS 36 have no impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements. WACKER does not currently recognize any goodwill or any intangible assets of unlimited useful life.
IFRIC 21	Levies	May 20, 2013	Jan. 1, 2014	Expected in Q1 2014	IFRIC 21 “Levies” contains rules for the recognition of obligations to pay public levies that are not defined as taxes within the meaning of IAS 12 “Income Taxes.” Application of this interpretation may result in an obligation to pay a levy being recognized in the accounts at a different point in time than previously, especially if the obligation to pay arises only if certain circumstances occur at a certain time. The amendments in connection with IFRIC 21 are unlikely to have any impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements.

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, in accordance with which actuarial gains and losses were carried off-balance-sheet and only recognized as a provision pro rata throughout employees' remaining service years once they exceeded a 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. This method is no longer permitted under the new standard. 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 interest income from plan assets and the 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. On June 30, 2012, an amendment of €–3.5 million was made. The quarterly result for Q2 2012 was reduced by €2.1 million. As per December 31, 2012, the phased-early-retirement provisions were €1.9 million lower and fiscal-year 2012 earnings rose by €5.9 million.

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

T 4.1 Consolidated Statement of Income

€ million	Q2 2012	Adjustment	Q2 2012 restated	6M 2012	Adjustment	6M 2012 restated
Sales	1,222.5	–	1,222.5	2,416.8	–	2,416.8
Cost of goods sold	–981.7	1.2	–980.5	–1,960.6	2.3	–1,958.3
Gross profit from sales	240.8	1.2	242.0	456.2	2.3	458.5
Selling, R&D and general administrative expenses	–142.7	0.4	–142.3	–284.6	0.8	–283.8
Operating result	112.5	1.6	114.1	197.8	3.1	200.9
EBIT	110.3	1.6	111.9	192.7	3.1	195.8
Financial result	–15.5	0.6	–14.9	–29.2	1.1	–28.1
Income before taxes	94.8	2.2	97.0	163.5	4.2	167.7
Income taxes	–34.2	–1.7	–35.9	–62.9	–1.9	–64.8
Net income for the period	60.6	0.5	61.1	100.6	2.3	102.9
Of which						
Attributable to Wacker Chemie AG shareholders	58.8	0.5	59.3	100.3	2.3	102.6
Attributable to non-controlling interests	1.8	–	1.8	0.3	–	0.3
Earnings per share (basic/diluted) (€)	1.18	0.01	1.19	2.02	0.05	2.07
EBITDA	240.5	1.6	242.1	452.3	3.1	455.4

T 4.2 Statement of Financial Position, June 30, 2012/Dec. 31, 2012

€ million	June 30, 2012	Adjustment	June 30, 2012 restated	Dec. 31, 2012	Adjustment	Dec. 31, 2012 restated
Assets						
Deferred tax assets	16.1	134.0	150.1	13.3	168.7	182.0
Other noncurrent assets	12.2	–6.7	5.5	13.1	–5.8	7.3
Total assets	6,477.6	127.3	6,604.9	6,329.9	162.9	6,492.8
Equity and Liabilities						
Retained earnings	2,207.4	–224.4	1,983.0	2,219.9	–218.8	2,001.1
Other equity items	24.9	–191.1	–166.2	6.6	–277.7	–271.1
Equity	2,630.4	–415.5	2,214.9	2,617.8	–496.5	2,121.3
Provisions for pensions	550.6	558.7	1,109.3	569.3	671.5	1,240.8
Other noncurrent provisions	196.5	–3.5	193.0	161.3	–1.9	159.4
Deferred tax liabilities	15.9	–12.4	3.5	13.0	–10.2	2.8
Noncurrent liabilities	2,602.8	542.8	3,145.6	2,550.8	659.4	3,210.2
Liabilities	3,847.2	542.8	4,390.0	3,712.1	659.4	4,371.5
Total equity and liabilities	6,477.6	127.3	6,604.9	6,329.9	162.9	6,492.8
Equity ratio (%)	0.41	–	0.34	0.41	–	0.33

T 4.3 Statement of Cash Flows

€ million	Q2 2012	Adjustment	Q2 2012 restated	6M 2012	Adjustment	6M 2012 restated
Net income for the period	60.6	0.5	61.1	100.6	2.3	102.9
Changes in provisions	52.1	–2.0	50.1	103.4	–3.3	100.1
Changes in deferred taxes	–5.8	1.7	–4.1	–17.5	1.9	–15.6
Changes in other assets	32.4	–0.2	32.2	42.2	–0.9	41.3
Cash flow from operating activities (gross cash flow)	42.3	–	42.3	208.7	–	208.7

T 4.4 Statement of Comprehensive Income, 6M 2012

€ million	6M 2012			Adjustment				6M 2012 restated
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	Before taxes	Deferred taxes	
Net income for the period	–	–	100.6	2.3	–	–	–	102.9
Remeasurements of defined benefit plans	–	–	–	–260.2	70.8	–260.2	70.8	–189.4
Difference from foreign currency translation adjustments	23.0	–	23.0	–1.7	–	21.3	–	21.3
Income and expenses recognized in equity	6.2	4.6	10.8	–261.9	70.8	–255.7	75.4	–180.3
Total income and expenses reported	–	–	111.4	–	–	–	–	–77.4
Of which								
Attributable to Wacker Chemie AG shareholders	–	–	111.3	–	–	–	–	–77.5
Attributable to non-controlling interests	–	–	0.1	–	–	–	–	0.1

T 4.5 Consolidated Statement of Changes in Equity, 6M 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	–	–	–	100.3	–	100.3	0.3	**100.6**
Dividends paid	–	–	–	–109.3	–	–109.3	–1.4	**–110.7**
Income and expenses recognized in equity	–	–	–	–	11.0	11.0	–0.2	**10.8**
June 30, 2012	260.8	157.4	–45.1	2,207.4	24.9	2,605.4	25.0	**2,630.4**
Adjustment								
Adjustment of retained earnings	–	–	–	–226.7	–	–226.7	–	**–226.7**
Net income for the period	–	–	–	2.3	–	2.3	–	**2.3**
Income and expenses recognized in equity	–	–	–	–	–191.1	–191.1	–	**–191.1**
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	–	–	–	102.6	–	102.6	0.3	**102.9**
Dividends paid	–	–	–	–109.3	–	–109.3	–1.4	**–110.7**
Income and expenses recognized in equity	–	–	–	–	–180.1	–180.1	–0.2	**–180.3**
June 30, 2012	260.8	157.4	–45.1	1,983.0	–166.2	2,189.9	25.0	**2,214.9**

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 does not provide disclosure as stipulated 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 were made, in particular, to the notes to the consolidated financial statements. They include the fact that information regarding the market values and classification of financial instruments, which previously had to be reported in the annual financial statements only, now has to be included in interim reports.

Reclassification of Other Taxes within Current and Noncurrent Assets/ Current Liabilities

Other taxes are now recognized in the statement of financial position as either “other assets” or “other liabilities.” Previously, these taxes were recognized together with income taxes under the items “tax receivables” or “tax liabilities.” The prior-year figures have been adapted to improve comparability. As at June 30, 2012, €7.4 million was reclassified from noncurrent tax receivables to other noncurrent assets. An amount of €33.3 million was reclassified from current tax receivables to other current assets. On the equity and liabilities side, €17.9 million was reclassified from current tax liabilities to other current liabilities.

Changes in the Scope of Consolidation

As of June 30, 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 the first half of 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 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 would have caused the internal sales figures for 2012 to drop by around €55 million per half year.

Information on Fair Value

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

T 4.6 Carrying Amounts and Fair Values of Financial Instruments (IFRS 7)

€ million	As of June 30, 2013		As of Dec. 31, 2012	
	Fair value	Carrying amount	Fair value	Carrying amount
Trade receivables	709.8	709.8	600.2	600.2
Other financial assets[1]	531.5	544.6	681.7	697.7
Held-to-maturity securities	–	–	112.5	115.1
Available-for-sale securities	169.6	169.6	191.9	191.9
Loans and receivables	357.2	357.2	365.9	365.9
Available-for-sale financial assets[2]	n.a.	13.1	n.a.	13.4
Derivative financial instruments	4.7	4.7	11.4	11.4
Cash and cash equivalents	483.7	483.7	192.6	192.6
Financial liabilities	1,439.5	1,426.3	1,191.5	1,151.9
Liabilities from finance leases	41.7	41.7	45.3	45.3
Trade payables	350.1	350.1	379.8	379.8
Other financial liabilities[3]	167.1	167.2	149.7	149.7
Financial liabilities recognized at amortized cost	133.5	133.6	129.5	129.5
Derivative financial instruments	33.6	33.6	20.2	20.2

[1] Does not include tax receivables or prepaid expenses and deferred charges.
[2] Includes equity instruments measured at amortized cost, the fair value of which cannot reliably be determined.
[3] Includes other liabilities shown in the statement of financial position, with the exception of advance payments received and deferred income.

It was not possible to calculate the fair value of the equity instruments that WACKER measures at amortized cost, as no stock market prices or market values are available. The instruments in question are shares in unlisted companies for which there was no indication of a lasting impairment on the reporting date and the fair value of which cannot reliably be determined. WACKER had no intention of selling any of the shares reported as of June 30, 2013.

In Q2 2013, WACKER sold a small investment that was measured at amortized cost because a call option was exercized. The sale generated euro earnings in single-digit millions.

The financial assets and liabilities measured at fair value in the financial statements were allocated to one of three categories in accordance with the fair value hierarchy described in IFRS 13. Allocation to these categories reveals which of the fair values reported were settled through market transactions and the extent to which the measurement was based on models in the absence of observable market transactions.

Level 1 – financial instruments measured using quoted prices in active markets, the fair value of which can be derived directly from prices in active liquid markets and for which the financial instrument observable in the market is representative of the financial instrument being measured. These include fixed-interest securities traded in liquid markets.

Level 2 – financial instruments measured using valuation methods based on observable market data, the fair value of which can be determined using similar financial instruments traded in active markets or using valuation methods all of whose parameters are observable. These include hedging and non-hedging derivative financial instruments.

Level 3 – financial instruments measured using valuation methods not based on observable parameters, the fair value of which cannot be determined using observable market data and which require application of different valuation methods. The financial instruments belonging to this category have a value component that is not market-observable and has a major impact on fair value. These include over-the-counter derivatives and unquoted equity instruments.

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

T 4.7 Fair Value Hierarchy

€ million	Fair Value Hierarchy as of June 30, 2013				Fair Value Hierarchy as of Dec. 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Fair value through profit or loss								
Derivatives for which hedge accounting is not used (assets held for trading)	–	1.6	–	1.6	–	5.6	–	5.6
Fair value through other comprehensive income								
Derivatives for which hedge accounting is used	–	3.1	–	3.1	–	5.8	–	5.8
Available-for-sale financial assets	169.6	–	–	169.6	191.9	–	–	191.9
Total	169.6	4.7	–	174.3	191.9	11.4	–	203.3
Financial liabilities measured at fair value								
Fair value through profit or loss								
Derivatives for which hedge accounting is not used (liabilities held for trading)	–	6.7	–	6.7	–	5.3	–	5.3
Fair value through other comprehensive income								
Derivatives for which hedge accounting is used	–	26.9	–	26.9	–	14.9	–	14.9
Total	–	33.6	–	33.6	–	20.2	–	20.2

At the respective reporting date of each quarter, WACKER reviews whether its financial instruments are still appropriately allocated to the fair-value-hierarchy levels. As was the case in the consolidated financial statements for 2012, no reclassifications were carried out within the fair value hierarchies in the first half of 2013.

The following provides an explanation of the main methods and assumptions used when determining the market value of financial instruments measured at fair value. The fair values are determined using the market data available on the reporting date.

Available-for-sale financial instruments are allocated to level 1 of the fair value hierarchy. They include available-for-sale fixed-interest securities, which are valued using stock market prices on June 30, 2013.

Derivative financial instruments are allocated to level 2 of the fair value hierarchy. The fair value of forward-exchange contracts and currency options is determined with the aid of spot rates and forward prices observable in the market as well as exchange rate volatilities and using recognized actuarial methods. Interest-rate swaps are valued on the basis of valuation models customarily used in the market and available risk-adequate yield curves for matching maturities.

WACKER does not currently have any financial instruments measured at fair value that are allocated to level 3 of the fair value hierarchy.

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

Related Party Disclosures

IAS 24 stipulates that parties which control, or are controlled by, Wacker Chemie AG must be disclosed unless they are already included in Wacker Chemie AG's consolidated financial statements as a consolidated company. 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 (Q2 2012: €9.9 million). As of June 30, 2013, WACKER had outstanding receivables from the pension fund of €17.9 million (Dec. 31, 2012: €17.7 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. For joint-venture and associated-company product shipments, contractually agreed transfer-price formulas have been defined.

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

T 4.8 Related Party Disclosures

€ million	6M 2013		2013 June 30, 2013		6M 2012		2012 Dec. 31, 2012	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associated companies	2.0	48.4	1.0	5.9	2.1	47.9	–	6.2
Joint ventures	35.4	27.4	17.0	5.6	43.2	28.5	16.8	4.3
Other	–	–	–	0.2	–	–	–	0.3

In addition, €259.8 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 €5.1 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 reporting period and the previous year, the following euro/US dollar, euro/Japanese yen, euro/Singapore dollar and euro/Chinese renminbi exchange rates were used for translating foreign currency items and for the financial statements of companies that have the above currencies as their functional currency:

T 4.9 Exchange Rates

	Exchange rate as of			Average exchange rate	
	June 30, 2013	June 30, 2012	Dec. 31, 2012	June 30, 2013	June 30, 2012
USD	1.30	1.26	1.32	1.31	1.28
JPY	128.87	100.10	113.51	128.87	102.77
SGD	1.65	1.60	1.61	1.63	1.62
CNY	8.01	7.99	8.22	8.04	8.13

Major Events during the Reporting Period

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

Events after the Balance Sheet Date

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

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

Rudolf Staudigl **Tobias Ohler**

Joachim Rauhut **Auguste Willems**

Review Report

To Wacker Chemie AG, Munich

We have reviewed the condensed interim consolidated financial statements of Wacker Chemie AG – comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the condensed statement of consolidated cash flows, the condensed statement of changes in equity and selected explanatory notes – together with the interim group management report of Wacker Chemie AG, Munich, for the period from January 1 to June 30, 2013 that are part of the semi-annual financial report according to Section 37w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRSs applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, July 30, 2013
KPMG AG Wirtschaftsprüfungsgesellschaft

Pastor	Prof. Grottel
Auditor	Auditor

List of Tables and Figures

WACKER Stock

Interim Group Management Report

Condensed Interim Financial Statements

Notes

2013 Financial Calendar

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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