WACKER

Interim Report

1st Half Year

January through June 2021

Published on August 5, 2021

Interim Report – January through June 2021

- Group sales for first half of 2021 total €2.86 billion, up 26 percent year over year
- At €573 million, first-half EBITDA more than doubles year over year due to substantial volume growth and improved prices
- EBIT rises to €389 million, while net income for the first half of 2021 totals €285 million
- At €339 million, net cash flow in the reporting period is more than twice as high as a year earlier
- Full-year forecast for 2021 confirmed: WACKER expects to post Group sales of around €5.5 billion and EBITDA of between €900 million and €1.1 billion

Cover – Manufacturing plasmid DNA (pDNA) at Wacker Biotech US in San Diego, California, USA. WACKER acquired this site in February 2021. pDNA can be used either directly for nucleic-acid-based gene therapies and for vaccines, or as a starting material for such innovative therapeutic agents. By providing expertise in pDNA technology, Wacker Biotech US Inc. is expanding WACKER's existing portfolio and creating the basis for further growth in the biopharmaceutical segment.

WACKER –
at a Glance

€ million	6M 2021	6M 2020	Change in %
Results / Return / Cash Flow			
Sales	**2,860.6**	2,269.9	26.0
EBITDA	**573.0**	279.5	>100
EBITDA margin (%)	**20.0**	12.3	–
EBIT	**388.6**	71.6	>100
EBIT margin (%)	**13.6**	3.2	–
Financial result	**–20.1**	–23.2	–13.4
Income before income taxes	**368.5**	48.4	>100
Net income for the period	**285.4**	73.4	>100
Earnings per share (basic/diluted) (€)	**5.56**	1.38	>100
Capital expenditures excluding acquisitions	**110.2**	84.2	30.9
Depreciation/amortization	**184.4**	207.9	–11.3
Net cash flow	**339.3**	159.4	>100

€ million	June 30, 2021	Dec. 31, 2020	Change in %
Financial Position			
Total assets	**7,317.4**	6,950.5	5.3
Equity	**2,290.5**	1,691.8	35.4
Equity ratio (%)	**31.3**	24.3	–
Financing liabilities	**1,406.2**	1,405.5	–
Net financial assets / net financial debt	**–152.0**	67.5	n.a.
Employees (number at end of period)	**14,345**	14,283	0.4

Dear Shareholders,

At the half-way point of 2021, WACKER remains well on track. Customer demand was very high throughout the entire first half of the year. Practically all of our plants are running at full capacity. The progress made worldwide in containing the coronavirus pandemic lent additional impetus to the economy.

Our polysilicon business performed particularly well, with revenues in the January–June period almost twice as high as a year earlier and EBITDA in positive triple-digit-million territory. This strong increase was due chiefly to significantly higher volumes and prices for solar-grade polysilicon. Demand from the semiconductor industry, too, was substantially stronger year over year.

There is also positive news from our chemical business, where sales at all three divisions were clearly higher than a year earlier. In silicones, we are benefiting in particular from our high-margin specialties, a segment we have been continually expanding for several years now. But customer demand for standard silicones remains very strong as well. We also achieved significant volume growth for dispersions and dispersible polymer powders, particularly in Asia. Our bioengineered products are also performing well, with sales growth not only in biopharmaceuticals, but also in cyclodextrins.

In view of the ongoing good business conditions, we once again raised our full-year forecast in mid-June. We now expect to post annual sales of around €5.5 billion and EBITDA of between €900 million and €1.1 billion. At the same time, we are facing headwinds from substantially higher raw-material prices, which are likely to dampen our EBITDA by over €300 million. But we remain confident that 2021 could prove to be an excellent year for WACKER.

Customer demand remains high, and we are meeting it with a number of investment projects in Europe and Asia. The focus here is on expanding our production capacities for silicones, dispersions and dispersible polymer powders. At our largest site in Burghausen alone, we are investing around €150 million this year to expand production capacity for silicones in line with our specialties strategy. At our Nünchritz site, two plants are under construction that will deliver innovative solutions for construction applications and industrial coatings as well as for adhesives and sealants. And, in Amsterdam, we are investing in new facilities to manufacture biopharmaceuticals, vaccines and live microbial products.

At our site in Nanjing, China, we are currently building a new dispersion reactor and a spray dryer for dispersible polymer powders. Investment spending on these plants is in excess of US$100 million. China is the largest market in the world for construction applications, accounting for 20 percent of all construction investment. By expanding production capacity in Nanjing, we are strengthening our position as global leader for vinyl acetate-ethylene dispersions and polymer powders.

Over the next few years, we will focus strongly on ensuring the sustainability of our business. We are setting ourselves ambitious goals and taking all stages of our value chain into account – from our products and production processes through to our suppliers. Just recently, we have made further substantial progress in this area, as documented in our Sustainability Report 2019–2020, published in mid-July.

We are sure of one thing – without chemicals, it will not be possible to solve the problems of our time, whether the battle against the coronavirus, the digital transformation, or climate change. We at WACKER stand for the future – and for the enthusiasm to shape it.

Munich, August 5, 2021

The Executive Board of Wacker Chemie AG

WACKER Stock

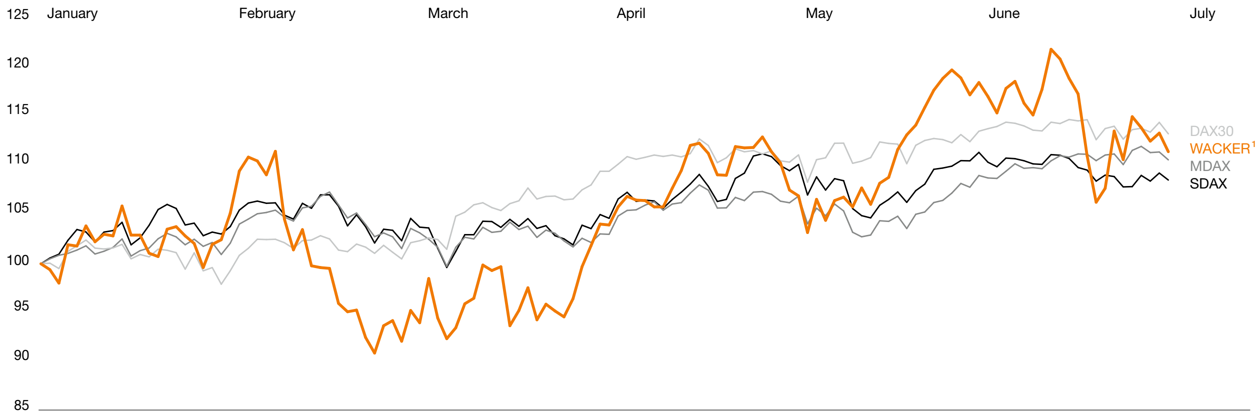
Global equity markets performed well in the first half of 2021. All major stock market indices scaled new heights. The upswing was driven by the central banks with their accommodative monetary policy and by governments' expansive fiscal policy. But investor confidence was also buoyed by generally good corporate figures and by higher sales and earnings in many industries. Especially in the second quarter, markets also benefited from global progress in Covid–19 vaccination campaigns and lower infection rates.

Overall, Germany's benchmark indices clocked up substantial gains in the first half of 2021. Following pullbacks in February and March, the DAX and MDAX gradually gained ground again in the reporting period, with both reaching new record levels in June. The DAX posted an all-time high of 15,729 points on June 15, while the MDAX did likewise, reaching 34,470 points on June 25. The DAX closed the first half of 2021 around 13 percent higher than at the end of December. The MDAX gained around 11 percent during the same period.

WACKER's share price started the year at €116.75 (year-end closing price on Dec. 30, 2020). After reaching its reporting-period low of €106.15 on February 23, it gradually recovered in line with the general market trend to reach its first-half peak of €142.20 on June 11. WACKER stock closed out the first six months of 2021 at €130.05 on June 30. That was a good 11 percent higher than at the start of the reporting period and corresponded to a market capitalization of €6.46 billion.

» Please refer to the 2020 Annual Report (pages 46 to 48) and the internet (www.wacker.com/investor-relations) for more details about WACKER stock.

WACKER Share Performance in First Half of 2021 (indexed to 100)[1]



[1] 100 = €116.75 (closing price on December 30, 2020)

Interim Group Management Report

Overall Economic Situation, Economic Outlook and State of the Industry

Vaccination Campaigns: a Shot in the Arm for the Economy

The outlook for the global economy has improved significantly over the last few months. Even though new virus mutations are a cause for concern, rising vaccination rates in many countries provide grounds for optimism. The International Monetary Fund (IMF) expects the global economy to grow 6 percent in 2021. According to its latest forecast, however, the economic recovery will be uneven across different regions.[1]

The Organisation for Economic Co-operation and Development (OECD), too, in its outlook for the global economy, expects some economies to recover from the pandemic much faster than others. For instance, OECD analysts anticipate that, thanks to substantial fiscal stimulus, the United States will reach its pre-pandemic per-capita income level after about 18 months. Large parts of Europe, on the other hand, will probably take three years to reach this level. The OECD recently revised its full-year forecast upward and now expects the global economy to grow 5.8 percent in 2021.[2]

On the basis of the latest economic forecasts, WACKER expects global economic output to grow in 2021. The strength of this growth will depend chiefly on further progress made in containing the pandemic.

GDP Trend[1]

%	2020	Outlook for 2021
World	−3.2	**6.0**
Advanced economies	−4.6	**5.6**
Developing and emerging economies	−2.1	**6.3**
Eurozone	−6.5	**4.6**
Germany	−4.8	**3.6**
Asia	−0.9	**7.5**
China	2.3	**8.1**
India	−7.3	**9.5**
USA	−3.5	**7.0**

Chemical Production Recovers

After a decline in 2020, chemical markets have returned to growth worldwide. The industrial recovery is stoking demand for chemical products. For full-year 2021, the German Chemical Industry Association (VCI) expects chemical production to increase 7.9 percent globally and 5.0 percent in Europe. But setbacks cannot be ruled out. In some cases, shortages of precursor materials and related services have recently triggered production problems. In addition, infection rates and countermeasures still pose risks.[3]

[1] International Monetary Fund, World Economic Outlook Update, July 2021: Fault Lines Widen in the Global Recovery, Washington, July 27, 2021
[2] Organisation for Economic Co-operation and Development (OECD), OECD Economic Outlook, Volume 2021 Issue 1: Preliminary Version, Paris, May 31, 2021
[3] VCI (German Chemical Industry Association), Die wirtschaftliche Lage der globalen Chemie im 1. Quartal 2021: Guter Jahresauftakt auf allen Chemiemärkten, Frankfurt am Main, June 15, 2021

Germany's chemical and pharmaceutical industry has recovered noticeably in recent months. According to the VCI, both production and sales have already reached their pre-pandemic levels, and the association expects this upward trend to continue. For full-year 2021, the VCI anticipates that chemical production in Germany will grow 4.5 percent. As prices are also likely to rise 3.5 percent, industry-wide sales are expected to grow 8.0 percent to around €206 billion.[4]

Selected Key Indicators by Industry

%	Growth in 2020	Growth outlook for 2021
Chemical Industry		
Production, worldwide[3]	– 0.2	7.9
Production, EU[3]	–1.8	5.0
Production, Germany[4]	– 0.1	4.5
Photovoltaics		
Newly installed photovoltaic capacity, worldwide[5]	18	18

Industry experts expect the photovoltaics (PV) segment to continue growing in 2021. Declining levelized costs for solar power are making PV more competitive compared with other energy sources. Both the cost effectiveness of PV and the political goal of keeping global warming below 2 °C are instrumental in opening up new markets.

In their Medium Scenario for 2021, experts at SolarPower Europe, a solar industry association, assume new global PV capacity will come in at about 163 gigawatts, up 18 percent year over year. They are also predicting double-digit growth rates for the years 2022 and 2023.[5]

On the basis of its own market surveys and external market studies, WACKER expects newly installed global PV capacity to amount to between 150 and 180 gigawatts this year.

[4] VCI (German Chemical Industry Association), Quartalsbericht 1.2021, Die wirtschaftliche Lage der deutschen chemisch-pharmazeutischen Industrie: Hoffnungsvoller Jahresauftakt, Frankfurt am Main, June 9, 2021
[5] SolarPower Europe, Global Market Outlook For Solar Power 2021-2025, Brussels, July 20, 2021

Group Performance and Earnings

January 1 to June 30, 2021

Sales

€ million	6M 2021	6M 2020	Change in %
WACKER SILICONES	**1,261.5**	1,123.0	12.3
WACKER POLYMERS	**753.6**	628.4	19.9
WACKER BIOSOLUTIONS	**138.7**	126.2	9.9
WACKER POLYSILICON	**651.2**	336.8	93.3
Corporate functions/Other	**62.6**	65.8	–4.9
Consolidation	**–7.0**	–10.3	–32.0
Group sales	2,860.6	2,269.9	26.0

EBITDA

€ million	6M 2021	6M 2020	Change in %
WACKER SILICONES	**255.6**	186.7	36.9
WACKER POLYMERS	**101.7**	120.3	–15.5
WACKER BIOSOLUTIONS	**17.4**	24.3	–28.4
WACKER POLYSILICON	**199.7**	–48.7	n.a.
Corporate functions/Other	**–1.3**	–2.3	–43.5
Consolidation	**–0.1**	–0.8	–87.5
Group EBITDA	573.0	279.5	>100

EBIT

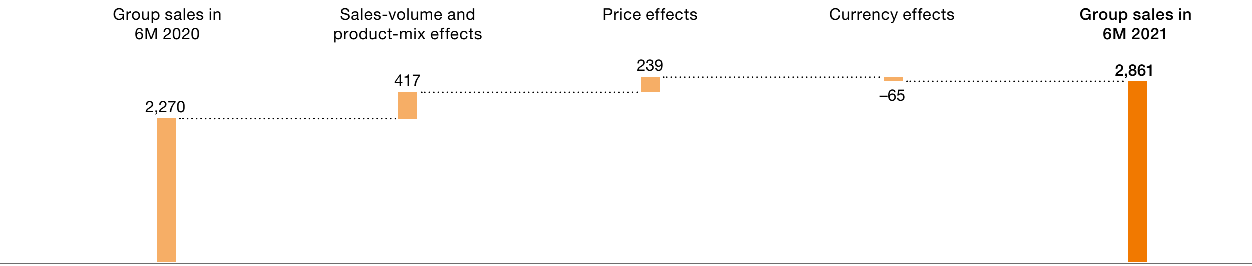
€ million	6M 2021	6M 2020	Change in %
WACKER SILICONES	**201.1**	130.5	54.1
WACKER POLYMERS	**78.8**	100.4	–21.5
WACKER BIOSOLUTIONS	**9.3**	15.9	–41.5
WACKER POLYSILICON	**135.9**	–130.4	n.a.
Corporate functions/Other	**–36.4**	–44.0	–17.3
Consolidation	**–0.1**	–0.8	–87.5
Group EBIT	388.6	71.6	>100

WACKER Group sales grew in the first half of 2021 compared with the same period last year. Sales in the period January through June came in at €2,860.6 million, after €2,269.9 million a year earlier, an increase of 26 percent.

The main reason for this strong increase was robust customer demand. Whereas the coronavirus pandemic had considerably slowed WACKER's business in 2020, especially in the second quarter, volumes in nearly all product segments grew substantially during the period under review. Positive product-mix effects and improved prices – especially for solar-grade polysilicon, but also for many products of the chemical divisions – also contributed to the increase in sales. On the other hand, currency effects resulting from the weaker US dollar year over year slowed sales somewhat.

Year-over-Year Sales Comparison

€ million



Substantial Sales Growth in Nearly all Regions

From January through June 2021, volume and price growth increased Group sales substantially in all regions, with the exception of the Americas. The increase was especially pronounced in Asia, where sales were up 55 percent year over year. In Europe, sales were 17 percent higher year over year. Sales in the Americas, on the other hand, declined 3 percent, due in particular to currency effects. Adjusted for exchange rates, they grew 6 percent.

Group Sales by Region

€ million	6M 2021	6M 2020	Change in %	% of Group sales
Europe	**1,141.3**	979.4	16.5	40
The Americas	**415.1**	426.5	–2.7	15
Asia	**1,156.4**	748.7	54.5	40
Other regions	**147.8**	115.3	28.2	5
Total sales	2,860.6	2,269.9	26.0	100

EBITDA Totals €573 Million, with EBITDA Margin at 20.0 Percent

In the reporting period, WACKER generated EBITDA of €573.0 million, more than double the figure of a year earlier (€279.5 million). This strong growth was due chiefly to substantially higher volumes and prices for solar-grade polysilicon. Higher volumes and better prices in the chemical divisions as well as very high plant utilization rates also had a positive impact on EBITDA. On the other hand, much higher raw-material prices had a negative impact. The Group's EBITDA margin for the first six months of 2021 was 20.0 percent, after 12.3 percent a year earlier.

Reconciliation of EBITDA to EBIT

€ million	6M 2021	6M 2020	Change in %
EBITDA	573.0	279.5	>100
Depreciation/amortization, impairments and reversals of fixed assets	–184.4	–207.9	–11.3
EBIT	388.6	71.6	>100

EBIT Up More than Five-Fold Year Over Year

Group earnings before interest and taxes (EBIT) totaled €388.6 million in the first half of 2021, compared with €71.6 million a year earlier. This is more than five times the figure for the comparable period last year, and is equivalent to an EBIT margin of 13.6 percent (previous year: 3.2 percent).

Aside from the factors already mentioned, EBIT also benefited from a year-over-year decrease in depreciation and amortization, which together came to €184.4 million, after €207.9 million a year earlier. That was a decline of 11 percent.

The cost-of-sales ratio was 76 percent in the first half of 2021, down eight percentage points compared with the same period last year. Higher prices for solar-grade polysilicon and cost-saving measures from the Group's ongoing efficiency program both had a positive impact.

Reconciliation of EBIT to Net Income for the Period

€ million	6M 2021	6M 2020	Change in %
EBIT	388.6	71.6	>100
Financial result	–20.1	–23.2	–13.4
Income before income taxes	368.5	48.4	>100
Income taxes	–83.1	25.0	n.a.
Net income for the period	285.4	73.4	>100
Of which			
Attributable to Wacker Chemie AG shareholders	276.4	68.8	>100
Attributable to non-controlling interests	9.0	4.6	95.7
Earnings per share in € (basic/diluted)	5.56	1.38	>100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–

Result from Investments

The result from investments in joint ventures and associates amounted to €–5.8 million in the reporting period, after €17.8 million a year earlier. Unlike last year, this figure does not include earnings from Siltronic AG. Since December 31, 2020, Siltronic has no longer been accounted for using the equity method, but instead recognized under assets held for sale. This is because WACKER has undertaken to sell its shares in Siltronic to Taiwanese wafer manufacturer GlobalWafers. The income from dividends paid by Siltronic AG in the amount of €18.5 million is included in other income from investments.

Financial and Net Interest Result

WACKER's financial result amounted to €–20.1 million, after €–23.2 million a year earlier. WACKER posted interest income of €2.9 million, compared with last year's €4.5 million. Interest expenses were €11.7 million, up from €11.1 million a year earlier.

The other financial result amounted to €–11.3 million in the reporting period, after €–16.6 million a year earlier. It included not only the interest-rate effects of provisions for pensions and other provisions, but also the costs of derivative financial instruments used to hedge Group loans.

Income Taxes

In the first six months of 2021, tax expense was €83.1 million, versus tax income of €25.0 million a year earlier. The reported tax rate for the reporting period was 22.6 percent. Last year, tax income was generated from the capitalization of deferred tax assets on loss carryforwards, as well as from tax refunds.

Net Income for the Period

Due to the effects mentioned above, net income for the reporting period amounted to €285.4 million, compared with €73.4 million in the same period last year.

Earnings per Share

In the first half of 2021, earnings per share came in at €5.56, after €1.38 a year earlier.

Division Performance

WACKER SILICONES

€ million	6M 2021	6M 2020	Change in %
External sales	1,261.5	1,123.0	12.3
Internal sales	–	–	–
Total sales	1,261.5	1,123.0	12.3
EBIT	201.1	130.5	54.1
EBIT margin (%)	15.9	11.6	–
Depreciation/amortization	54.5	56.2	–3.0
EBITDA	255.6	186.7	36.9
EBITDA margin (%)	20.3	16.6	–
Capital expenditures	48.2	40.2	19.9
R&D expenses	33.8	31.4	7.6

As of	June 30, 2021	Dec. 31, 2020	Change in %
Employees (number)	5,144	5,076	1.3

Sales at WACKER SILICONES totaled €1,261.5 million in the first half of 2021, up 12 percent from a year earlier (€1,123.0 million). This growth was chiefly due to higher volumes. In addition, product-mix and price effects increased sales somewhat. Exchange-rate differences, on the other hand, dampened sales. Customer demand for both specialty and standard silicones was very strong in nearly all application fields. Growth was particularly strong, for example, in silicones used in consumer applications and sealants. The division's production facilities ran at full capacity during the reporting period.

WACKER SILICONES generated January-through-June EBITDA of €255.6 million, up 37 percent over last year (€186.7 million). In addition to higher sales, improved plant utilization rates year over year and cost-saving measures from the company's ongoing efficiency program had a positive impact on earnings. Significantly higher raw-material costs compared with last year diminished EBITDA noticeably. The EBITDA margin for the first half of 2021 was 20.3 percent, after 16.6 percent in the first half of 2020.

WACKER SILICONES' capital expenditures amounted to €48.2 million in the reporting period, after €40.2 million a year earlier. Capital spending focused on measures to expand capacity for intermediate and downstream products at the Burghausen and Nünchritz plants.

WACKER POLYMERS

€ million	6M 2021	6M 2020	Change in %
External sales	**746.6**	618.1	20.8
Internal sales	**7.0**	10.3	–32.0
Total sales	753.6	628.4	19.9
EBIT	78.8	100.4	–21.5
EBIT margin (%)	**10.5**	16.0	–
Depreciation/amortization	**22.9**	19.9	15.1
EBITDA	101.7	120.3	–15.5
EBITDA margin (%)	**13.5**	19.1	–
Capital expenditures	**28.5**	16.0	78.1
R&D expenses	**17.7**	16.3	8.6

As of	June 30, 2021	Dec. 31, 2020	Change in %
Employees (number)	**1,596**	1,540	3.6

Sales at WACKER POLYMERS totaled €753.6 million in the reporting period, 20 percent higher than a year earlier (€628.4 million). This strong growth was largely attributable to significantly higher volumes year over year, especially in products for the construction industry. Improved prices for dispersions and dispersible polymer powders also increased sales. Negative exchange-rate effects, on the other hand, dampened sales somewhat. WACKER POLYMERS' plant-utilization rate averaged around 90 percent from January through June.

EBITDA at WACKER POLYMERS totaled €101.7 million in the first half of 2021, after €120.3 million a year earlier, a decrease of 16 percent. In particular, the massive rise in raw-material prices dampened earnings. To counteract this, the division has been increasing its product prices since mid-March and also imposing temporary surcharges. The EBITDA margin was 13.5 percent in the reporting period, after 19.1 percent in the first half of 2020.

From January through June 2021, WACKER POLYMERS' capital expenditures totaled €28.5 million, versus €16.0 million a year earlier. Among other things, these funds went toward construction of a new dispersion reactor and a spray dryer for dispersible polymer powder at the Nanjing site in China.

WACKER BIOSOLUTIONS

€ million	6M 2021	6M 2020	Change in %
External sales	**138.7**	126.2	9.9
Internal sales	**–**	–	–
Total sales	138.7	126.2	9.9
EBIT	9.3	15.9	–41.5
EBIT margin (%)	**6.7**	12.6	–
Depreciation/amortization	**8.1**	8.4	–3.6
EBITDA	17.4	24.3	–28.4
EBITDA margin (%)	**12.5**	19.3	–
Capital expenditures	**11.3**	3.0	>100
R&D expenses	**3.2**	2.9	10.3

As of	June 30, 2021	Dec. 31, 2020	Change in %
Employees (number)	734	764	–3.9

WACKER BIOSOLUTIONS generated total sales of €138.7 million in the first half of 2021. That was 10 percent higher than in the same period last year (€126.2 million) and was due primarily to volume growth. Positive product-mix effects and somewhat better prices also had a positive impact on sales growth. Business in biopharmaceuticals and cyclodextrins, for example, was especially good in the reporting period. Currency effects, however, reduced revenue.

EBITDA at WACKER BIOSOLUTIONS came in at €17.4 million in the first half of 2021, down 28 percent versus a year earlier (€24.3 million). This decline was due in part to expenses for integrating the new biopharmaceutical site in San Diego, California, that WACKER acquired in February. Last year, special income from the termination of a customer contract increased EBITDA by €3.5 million. The EBITDA margin was 12.5 percent in the first half of 2021, after 19.3 percent a year earlier.

WACKER BIOSOLUTIONS invested €11.3 million in the reporting period, versus €3.0 million last year. Investment projects included expansion of the Amsterdam site.

WACKER POLYSILICON

€ million	6M 2021	6M 2020	Change in %
External sales	**651.2**	336.8	93.3
Internal sales	**–**	–	–
Total sales	651.2	336.8	93.3
EBIT	135.9	–130.4	n.a.
EBIT margin (%)	**20.9**	–38.7	–
Depreciation/amortization	**63.8**	81.7	–21.9
EBITDA	199.7	–48.7	n.a.
EBITDA margin (%)	**30.7**	–14.5	–
Capital expenditures	**10.5**	8.8	19.3
R&D expenses	**10.5**	10.8	–2.8

As of	June 30, 2021	Dec. 31, 2020	Change in %
Employees (number)	**2,175**	2,180	–0.2

In the first half of 2021, WACKER POLYSILICON generated sales of €651.2 million versus €336.8 million a year earlier, almost doubling its revenue year over year. This strong year-over-year increase was predominantly due to significantly higher volumes and prices for solar-grade polysilicon. Demand from the semiconductor industry, too, was substantially higher year over year.

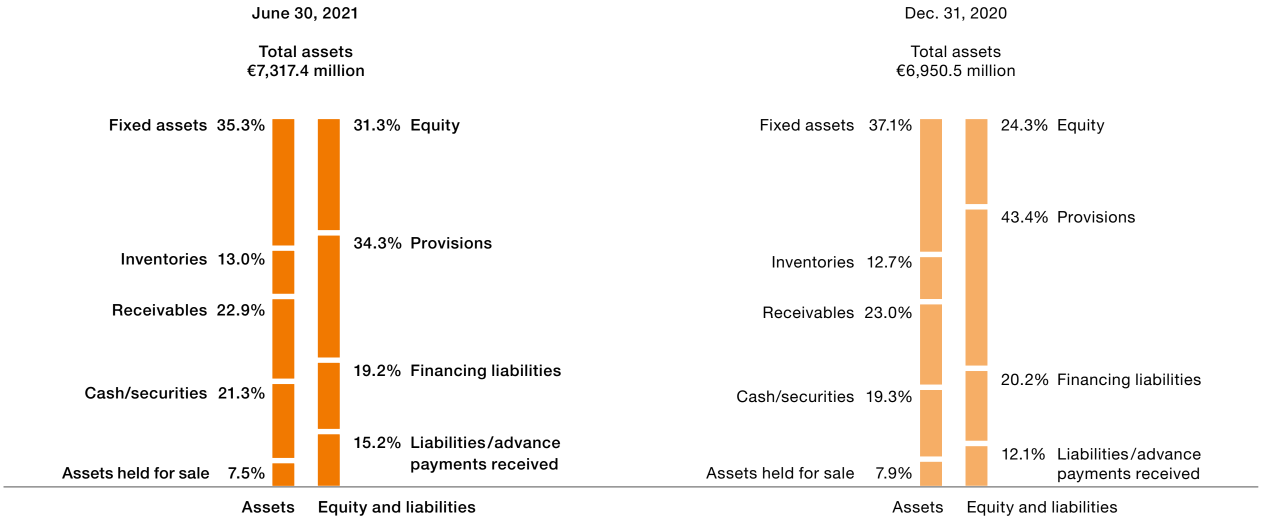
EBITDA at WACKER POLYSILICON came in at €199.7 million in the reporting period. Compared with last year (€–48.7 million), it improved by €248.4 million. This strong growth was due chiefly to higher prices for solar-grade polysilicon. Production-efficiency measures as well as further progress in reducing the cost of goods sold also had a positive effect on EBITDA. The EBITDA margin for January through June 2021 was 30.7 percent, after –14.5 percent in the first half of 2020.

WACKER POLYSILICON's capital expenditures came to €10.5 million in the reporting period. A year earlier, capital expenditures amounted to €8.8 million.

Net Assets and Financial Position

June 30, 2021

Asset and Capital Structure



WACKER's total assets amounted to €7.32 billion as of June 30, 2021, after €6.95 billion as of December 31, 2020. Liquid assets rose mainly due to high cash inflows from operating activities. Working capital increased as well, by 10 percent.

Fixed Assets Unchanged

Relative to the end of last year, fixed assets (including equity-accounted investments) were virtually unchanged, coming in at €2.58 billion (Dec. 31, 2020: €2.58 billion). Investments in joint ventures and associates accounted for using the equity method declined by €8.2 million. Depreciation and amortization of €184.4 million – versus €207.9 million a year earlier – reduced the carrying amount of property, plant and equipment. Capital expenditures added €110.2 million to fixed assets. Intangible assets increased to €44.6 million due to the acquisition of Genopis Inc., San Diego, California, USA, up from €21.1 million a year earlier. Following the acquisition, the company was renamed Wacker Biotech US.

Working Capital Grows

Working capital climbed 10 percent to €1.19 billion (Dec. 31, 2020: €1.08 billion). Trade receivables grew 32 percent amid strong customer demand. At the same time, trade payables rose by a substantial 39 percent. This was due not only to the increased business volume, but also to higher prices for all major raw materials.

Change in Working Capital

€ million	June 30, 2021	Dec. 31, 2020	Change in %
Trade receivables	827.8	627.0	32.0
Inventories	953.1	879.5	8.4
Trade payables	–589.8	–424.2	39.0
Working capital	1,191.1	1,082.3	10.1

Liquidity Rises Due to High Cash Inflows from Operating Activities

As of June 30, 2021, WACKER recognized liquid assets (current and noncurrent securities, cash and cash equivalents) of €1,558.2 million (Dec. 31, 2020: €1,338.0 million), up 16 percent.

Provisions for Pensions Decline Due to Higher Discount Rates and Increased Plan Assets

As of the reporting date, provisions for pensions came to €2.24 billion (Dec. 31, 2020: €2.71 billion), down €477.3 million. The discount rates applied were 1.16 percent in Germany (Dec. 31, 2020: 0.70 percent) and 2.66 percent in the USA (Dec. 31, 2020: 2.29 percent).

Equity Ratio at 31.3 Percent

Group equity increased compared with year-end 2020, amounting to €2.29 billion as of June 30, 2021 (Dec. 31, 2020: €1.69 billion). The corresponding equity ratio was 31.3 percent (Dec. 31, 2020: 24.3 percent). The main factor in this was changes in provisions for pensions. The adjustment in provisions for pensions, which was recognized in other comprehensive income, increased equity by €367.6 million. Exchange-rate effects lifted Group equity by €63.0 million.

Gross Cash Flow

Cash flow from operating activities (gross cash flow) totaled €490.9 million in the first half of 2021, after €266.2 million in the same period last year. It mainly comprised net income for the period of €469.8 million before depreciation and amortization, compared with €281.3 million a year earlier. Unlike in the same period last year, changes to working capital had hardly any effect on gross cash flow. Changes to working capital amounted to €0.6 million, versus €132.5 million a year earlier.

Cash Flow from Investing Activities

In the first half of 2021, cash flow from investing activities stood at €–151.6 million, coming in above the year-earlier figure (€–106.8 million). It mainly comprised ongoing investments in the chemical divisions and cash outflows for the acquisition of Genopis Inc., San Diego, California, USA.

Net Cash Flow

Due to the effects described above, net cash flow in the first six months of 2021 amounted to €339.3 million, compared with the prior year's €159.4 million.

Net Cash Flow

€ million	6M 2021	6M 2020	Change in %
Cash flow from operating activities (gross cash flow)	490.9	266.2	84.4
Cash flow from long-term investing activities before securities	–151.6	–106.8	41.9
Net cash flow	339.3	159.4	>100

Cash Flow from Financing Activities

Cash flow from financing activities totaled €–134.6 million in the first half of 2021, after €152.5 million in the same period last year, and mainly comprised the dividend of €99.4 million paid by Wacker Chemie AG.

Financing Liabilities Unchanged

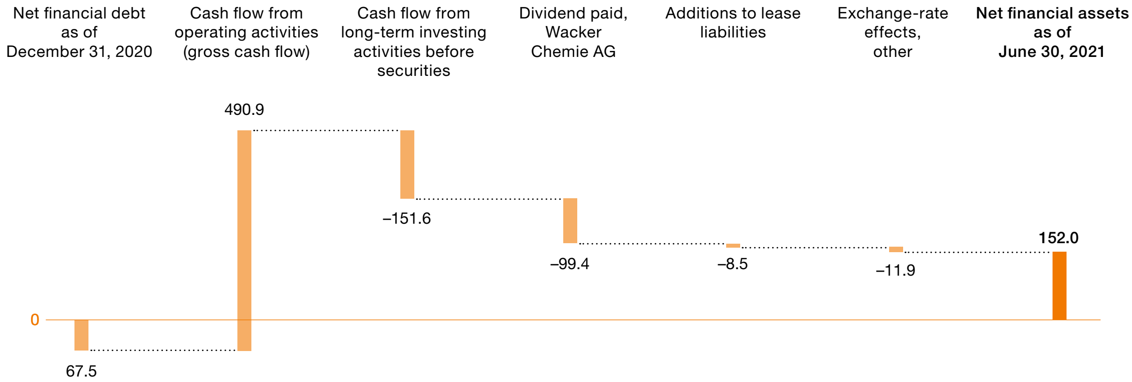
As of June 30, 2021, noncurrent and current financing liabilities were unchanged, amounting to €1.41 billion (Dec. 31, 2020: €1.41 billion). Changes in exchange rates had only a marginal impact on financing liabilities.

Net Financial Assets of €152 Million

Net financial debt – the balance of noncurrent and current financing liabilities and liquid assets – declined markedly. As of June 30, 2021, WACKER recognized net financial assets of €152.0 million (Dec. 31, 2020: net financial debt of €67.5 million). This was due chiefly to the positive cash flow from operating activities in the first half of 2021.

Net Financial Assets

€ million



Opportunities and Risks

Assessments of Opportunities and Risks Remain Unchanged

The key risk areas that might adversely affect our business situation, net assets, financial position and earnings in 2021 were explained in detail in our 2020 Annual Report, as were the main opportunities for our business and the nature of our risk management system.

» See 2020 Annual Report, pages 87 to 100

The statements and assessments made there did not change materially in the reporting period. We have not identified any further significant risks or opportunities that go beyond what we described in the 2020 Annual Report. We can never rule out the existence of other business-related risks and opportunities that we are currently unaware of or currently consider to be insignificant. But we do not expect risks to occur which, either in isolation or in combination with other risks, might endanger the continued existence of WACKER as a going concern.

Outlook Update

Full-Year Forecast Raised

We detailed our projections for the Group's performance this year in the Outlook section of our 2020 Annual Report.

» See 2020 Annual Report, pages 101 to 106

In view of the positive business trend, we had already revised our sales and earnings forecast upward when we presented our figures for Q1 2021. On June 16, 2021, we again raised our full-year forecast for sales and EBITDA. We now expect sales of around €5.5 billion for full-year 2021 (2020: €4.69 billion). Previously, we had projected sales growth in the low double-digit percentage range. Full-year EBITDA for 2021 is expected to come in at between €900 million and €1.1 billion. Previously, we had expected an increase in EBITDA of between 15 and 25 percent over last year (€666 million). The continuing positive trend in polysilicon prices as well as strong demand in the chemical divisions are the basis for our higher expectations. At the same time, however, higher raw-material prices and negative exchange-rate effects are projected to negatively impact EBITDA by more than €300 million (previous forecast: more than €200 million). This has been factored into the current outlook.

The new EBITDA forecast also affects our estimates for the EBITDA margin and return on capital employed (ROCE) for the full year. We now expect the EBITDA margin to be substantially higher than last year (previous guidance: slightly higher than last year), and ROCE should be substantially higher than the cost of capital (previous guidance: substantially higher than last year).

We now expect net cash flow to be clearly positive and on par with last year's level (previous guidance: clearly positive, substantially lower than last year).

The guidance for our remaining financial KPIs remains unchanged versus the forecasts made in our 2020 Annual Report.

Statement of Income

January 1 to June 30, 2021

€ million	6M 2021	6M 2020	Change in %
Sales	2,860.6	2,269.9	26.0
Cost of goods sold	–2,186.9	–1,913.6	14.3
Gross profit from sales	673.7	356.3	89.1
Selling expenses	–144.5	–147.3	–1.9
Research and development expenses	–84.1	–79.4	5.9
General administrative expenses	–74.8	–69.9	7.0
Other operating income	33.1	47.5	–30.3
Other operating expenses	–27.5	–55.5	–50.5
Operating result	375.9	51.7	>100
Result from investments in joint ventures and associates	–5.8	17.8	n.a.
Other investment income	18.5	2.1	>100
EBIT (earnings before interest and taxes)	388.6	71.6	>100
Interest income	2.9	4.5	–35.6
Interest expenses	–11.7	–11.1	5.4
Other financial result	–11.3	–16.6	–31.9
Financial result	–20.1	–23.2	–13.4
Income before income taxes	368.5	48.4	>100
Income taxes	–83.1	25.0	n.a.
Net income for the period	285.4	73.4	>100
Of which			
Attributable to Wacker Chemie AG shareholders	276.4	68.8	>100
Attributable to non-controlling interests	9.0	4.6	95.7
Earnings per share in (€) (basic/diluted)	5.56	1.38	>100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–

Statement of Comprehensive Income

January 1 to June 30, 2021

€ million	6M 2021	6M 2020
Net income for the period	285.4	73.4
Items not subsequently reclassified to the statement of income		
Remeasurement of defined benefit plans	367.6	–70.7
Of which income tax effects	–148.1	31.0
Sum of items not reclassified to the statement of income	367.6	–70.7
Of which result from investments accounted for using the equity method	–	–14.7
Items subsequently reclassified to the statement of income		
Difference from foreign currency translation adjustment	63.0	–44.2
Of which recognized in profit or loss	–	–
Changes in fair value of derivative financial instruments (cash flow hedge)	–6.9	0.9
Of which income tax effects	2.8	–0.5
Of which recognized in profit or loss	–2.7	2.1
Sum of items reclassified to the statement of income	56.1	–43.3
Of which result from investments accounted for using the equity method	2.2	–10.7
Income and expenses recognized in equity	423.7	–114.0
Of which		
Attributable to Wacker Chemie AG shareholders	422.2	–111.6
Attributable to non-controlling interests	1.5	–2.4
Total income and expenses reported	709.1	–40.6
Of which		
Attributable to Wacker Chemie AG shareholders	698.6	–42.8
Attributable to non-controlling interests	10.5	2.2

Statement of Financial Position

As of June 30, 2021

€ million	June 30, 2021	Dec. 31, 2020	Change in %
ASSETS			
Intangible assets	44.6	21.1	>100
Property, plant and equipment	2,386.5	2,393.2	–0.3
Right-of-use assets	110.4	110.8	–0.4
Investment property	2.5	2.7	–7.4
Investments in joint ventures and associates accounted for using the equity method	40.9	49.1	–16.7
Securities	–	–	–
Other financial assets	20.0	18.9	5.8
Other receivables and assets	12.7	4.9	>100
Deferred tax assets	601.5	770.8	–22.0
Noncurrent assets	3,219.1	3,371.5	–4.5
Inventories	953.1	879.5	8.4
Trade receivables	827.8	627.0	32.0
Other financial assets	55.7	68.0	–18.1
Other receivables and assets	111.3	73.5	51.4
Income tax receivables	41.7	40.5	3.0
Securities and fixed-term deposits	486.6	712.0	–31.7
Cash and cash equivalents	1,071.6	626.0	71.2
Assets held for sale	550.5	552.5	–0.4
Current assets	4,098.3	3,579.0	14.5
Total assets	7,317.4	6,950.5	5.3

€ million	June 30, 2021	Dec. 31, 2020	Change in %
EQUITY AND LIABILITIES			
Subscribed capital of Wacker Chemie AG	**260.8**	260.8	–
Capital reserves of Wacker Chemie AG	**157.4**	157.4	–
Treasury shares	**–45.1**	–45.1	–
Retained earnings	**2,903.0**	2,726.0	6.5
Other equity items	**–1,051.7**	–1,473.9	–28.6
Equity attributable to Wacker Chemie AG shareholders	2,224.4	1,625.2	36.9
Non-controlling interests	**66.1**	66.6	–0.8
Equity	2,290.5	1,691.8	35.4
Provisions for pensions	**2,236.1**	2,713.4	–17.6
Other provisions	**234.8**	233.8	0.4
Financing liabilities	**1,022.8**	1,322.7	–22.7
Other financial liabilities	**0.4**	0.1	>100
Income tax liabilities	**98.8**	80.3	23.0
Contract liabilities	**63.9**	71.1	–10.1
Other liabilities	**4.7**	1.9	>100
Deferred tax liabilities	**5.8**	9.1	–36.3
Noncurrent liabilities	3,667.3	4,432.4	–17.3
Other provisions	**35.4**	68.8	–48.5
Financing liabilities	**383.4**	82.8	>100
Trade payables	**589.8**	424.2	39.0
Other financial liabilities	**15.7**	15.5	1.3
Income tax liabilities	**34.3**	12.5	>100
Contract liabilities	**77.1**	63.0	22.4
Other liabilities	**223.9**	159.5	40.4
Current liabilities	1,359.6	826.3	64.5
Liabilities	5,026.9	5,258.7	–4.4
Total equity and liabilities	7,317.4	6,950.5	5.3

Statement of Cash Flows

January 1 to June 30, 2021

€ million	6M 2021	6M 2020	Change in %
Net income for the period	285.4	73.4	>100
Depreciation/amortization of fixed assets	184.4	207.9	–11.3
Result from disposal of fixed assets	2.6	0.7	>100
Other non-cash expenses and income	–89.9	52.0	n.a.
Result from equity accounting	5.8	–17.8	n.a.
Net interest income	8.8	6.6	33.3
Interest paid	–15.6	–15.5	0.6
Interest received	2.1	2.5	–16.0
Income tax expense	83.1	–25.0	n.a.
Taxes paid	–25.0	12.2	n.a.
Dividends received	4.5	–	n.a.
Change in inventories	21.7	–71.8	n.a.
Change in trade receivables	–194.0	–34.9	>100
Change in non-financial assets	–35.4	–23.7	49.4
Change in financial assets	9.0	13.5	–33.3
Change in provisions	3.6	37.2	–90.3
Change in non-financial liabilities	66.0	63.8	3.4
Change in financial liabilities	166.9	–8.1	n.a.
Change in contract liabilities	6.9	–6.8	n.a.
Cash flow from operating activities (gross cash flow)	490.9	266.2	84.4
Cash receipts and payments for investments	–124.0	–107.5	15.3
Proceeds from the disposal of fixed assets	2.5	0.7	>100
Cash payments for acquisitions	–30.1	–	n.a.
Cash flow from long-term investing activities before securities	–151.6	–106.8	41.9
Cash receipts and payments for the acquisition/disposal of securities and fixed-term deposits	226.4	–128.5	n.a.
Cash flow from investing activities	74.8	–235.3	n.a.
Dividends paid	–110.4	–2.8	>100
Change in financial liabilities	–8.3	171.6	n.a.
Lease liabilities repaid	–15.9	–16.3	–2.5
Cash flow from financing activities	–134.6	152.5	n.a.
Change due to exchange-rate fluctuations	14.5	–6.8	n.a.
Change in cash and cash equivalents	445.6	176.6	>100
At the beginning of the period	626.0	435.8	43.6
At the end of the period	1,071.6	612.4	75.0

Statement of Changes in Equity

January 1 to June 30, 2021

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2020	260.8	157.4	– 45.1	2,561.6	– 967.8	1,966.9	62.1	2,029.0
Net income for the period	–	–	–	68.8	–	68.8	4.6	73.4
Income and expenses recognized in equity	–	–	–	–	–111.6	–111.6	–2.4	–114.0
Total comprehensive income	–	–	–	68.8	–111.6	– 42.8	2.2	– 40.6
Dividends paid	–	–	–	–	–	–	–2.8	–2.8
June 30, 2020	260.8	157.4	– 45.1	2,630.4	–1,079.4	1,924.1	61.5	1,985.6
Jan. 1, 2021	260.8	157.4	– 45.1	2,726.0	–1,473.9	1,625.2	66.6	1,691.8
Net income for the period	–	–	–	276.4	–	276.4	9.0	285.4
Income and expenses recognized in equity	–	–	–	–	422.2	422.2	1.5	423.7
Total comprehensive income	–	–	–	276.4	422.2	698.6	10.5	709.1
Dividends paid	–	–	–	– 99.4	–	– 99.4	–11.0	–110.4
June 30, 2021	260.8	157.4	– 45.1	2,903.0	–1,051.7	2,224.4	66.1	2,290.5

Reconciliation of Other Equity Items

January 1 to June 30, 2021

€ million	Difference from foreign currency translation adjustment	Changes in fair value of derivative financial instruments (cash flow hedge)	Remeasurement of defined benefit plans	Effects of net investments in foreign operations	Total
Attributable to Wacker Chemie AG shareholders					
Jan. 1, 2020	193.9	1.7	–1,159.7	–3.7	–967.8
Changes recognized in equity	–	–1.2	–70.7	–	–71.9
Reclassification to the statement of income	–	2.1	–	–	2.1
Changes in exchange rates	–41.8	–	–	–	–41.8
June 30, 2020	152.1	2.6	–1,230.4	–3.7	–1,079.4
Jan. 1, 2021	19.3	11.0	–1,500.5	–3.7	–1,473.9
Changes recognized in equity	–	–4.2	367.6	–	363.4
Reclassification to the statement of income	–	–2.7	–	–	–2.7
Changes in exchange rates	61.5	–	–	–	61.5
June 30, 2021	80.8	4.1	–1,132.9	–3.7	–1,051.7
Attributable to non-controlling interests					
Jan. 1, 2020	–5.5	–	–	–	–5.5
Changes in exchange rates	–2.4	–	–	–	–2.4
June 30, 2020	–7.9	–	–	–	–7.9
Jan. 1, 2021	–10.7	–	–	–	–10.7
Changes in exchange rates	1.5	–	–	–	1.5
June 30, 2021	–9.2	–	–	–	–9.2

Notes to the Consolidated Financial Statements

January 1 to June 30, 2021

Accounting and Valuation Methods

The consolidated interim financial statements of Wacker Chemie AG as of June 30, 2021, have been prepared in accordance with the provisions of International Accounting Standard (IAS) 34 and presented in condensed form on the basis of the International Financial Reporting Standards (IFRSs) – as issued by the International Accounting Standards Board, London, endorsed by the European Union and applicable on the closing date – and on the basis of the interpretations of the IFRS Interpretations Committee. The accounting and valuation methods applicable in fiscal 2020 have been supplemented by the new accounting standards to be applied for the first time in 2021. There were no material changes to WACKER's accounting and valuation methods in 2021. The accounting and valuation methods are otherwise unchanged.

The preparation of the interim financial statements necessitates assumptions and estimates affecting the amounts and the reporting of the recognized assets and liabilities, 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 these assumptions and estimates if the economic conditions referred to do not develop in line with the expectations as of the reporting date. Taxes are calculated in the same manner as at year-end, namely by determining the tax expenses as of the interim reporting date. The option pursuant to IAS 34 of making an estimate is not exercised.

As of each reporting date, the net defined benefit obligation must be reassessed and the discount factor newly determined. Net pension provisions were determined as of June 30, 2021, using discount factors of 1.16 percent in Germany and 2.66 percent in the USA (June 30, 2020: 1.24 percent in Germany and 2.49 percent in the USA). As of December 31, 2020, the discount factors were 0.70 percent in Germany and 2.29 percent in the USA.

The interim report is an information tool that builds on the consolidated financial statements at year-end. The accounting, valuation and consolidation methods used and the exercising of options contained in the IFRSs are explained in detail in the Notes.

The Group's parent company, Wacker Chemie AG, is a listed stock corporation under the laws of the Federal Republic of Germany and has its headquarters in Munich (entered in Munich's commercial register under HRB 159705). Its registered office is at Hanns-Seidel-Platz 4, 81737 Munich, Germany.

Seasonal Influences

Sales of polymer and silicone products to the construction industry are subject to seasonal fluctuations over the year. Volumes are higher in the summer months than in the winter, when the construction industry slows down. This effect can be mitigated by overseas sales. Sales, particularly for the WACKER POLYMERS segment, are usually lower in Q1 and Q4 than in Q2 and Q3.

Revenue from Contracts with Customers

At WACKER, the sales revenue per segment corresponds to the Group's different product categories. The differences between chemical products, and also between market and customer groups, are evident in the segments. The particular region to which WACKER supplies its products also has a major impact on revenue. WACKER recognizes the majority of its sales at specific delivery dates. In the case of customer-specific orders at WACKER BIOSOLUTIONS, sales are recognized over time. The following table shows the disaggregation of revenue in accordance with IFRS 15.

Disaggregation of Revenue in Accordance with IFRS 15: January 1 to June 30, 2021

€ million	WACKER SILICONES		WACKER POLYMERS		WACKER BIOSOLUTIONS		WACKER POLYSILICON		Other/ consolidation		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue by region												
Europe	**604.7**	520.2	**355.4**	302.7	**64.1**	55.1	**61.9**	47.9	**55.2**	53.5	**1,141.3**	979.4
The Americas	**201.3**	215.0	**164.1**	161.2	**42.9**	46.1	**6.8**	3.8	**–**	0.4	**415.1**	426.5
Asia	**375.3**	311.6	**179.4**	130.0	**25.7**	20.5	**575.6**	285.1	**0.4**	1.5	**1,156.4**	748.7
Other regions	**80.2**	76.2	**54.7**	34.5	**6.0**	4.5	**6.9**	–	**–**	0.1	**147.8**	115.3
Total	**1,261.5**	1,123.0	**753.6**	628.4	**138.7**	126.2	**651.2**	336.8	**55.6**	55.5	**2,860.6**	2,269.9
Of which outside the scope of IFRS 15	**–**	–	**–**	–	**–**	–	**–**	–	**2.3**	2.6	**2.3**	2.6
Time of revenue recognition												
Point in time	**1,261.5**	1,123.0	**753.6**	628.4	**96.0**	92.7	**651.2**	336.8	**55.6**	55.5	**2,817.9**	2,236.4
Over time	**–**	–	**–**	–	**42.7**	33.5	**–**	–	**–**	–	**42.7**	33.5
Total	**1,261.5**	1,123.0	**753.6**	628.4	**138.7**	126.2	**651.2**	336.8	**55.6**	55.5	**2,860.6**	2,269.9

Other Financial Obligations

For information on disclosures of other financial obligations, please refer to the Notes to the consolidated financial statements in the 2020 Annual Report. During the reporting period, there were no material changes to the information provided in the 2020 Annual Report.

Changes in the Scope of Consolidation

As of June 30, 2021, the scope of consolidation comprised 55 companies (including Wacker Chemie AG). The interim financial statements comprised 51 fully consolidated companies. Compared with December 31, 2020, the scope of consolidation was expanded to include one further subsidiary. On February 2, 2021, Wacker Chemical Corp., Adrian, Michigan, USA acquired 100 percent of Genopis Inc., San Diego, California, USA in a share deal. The transaction closed on February 24, 2021. Genopis is a contract manufacturer that operates a specialized fermentation line for the manufacture and purification of pDNA, which can be used either directly for vaccines or as a starting material for innovative therapeutic agents, e.g. to manufacture messenger RNA (mRNA). This technology expands WACKER's existing biopharmaceutical portfolio in its CDMO business (contract development and manufacturing organization). The purchase price of US$40.3 million comprised a cash payment of US$35.7 million and contingent purchase price payments totaling US$4.7 million, due within five years of the purchase. This earn-out is determined on the basis of the acquired company's future EBITDA, which reflects the status of corporate planning at the time of acquisition. WACKER acquired assets in the amount of US$24.5 million and liabilities of US$13.6 million. The difference of US$29.4 million between the purchase price and net assets mainly comprises intangible assets in the amount of US$12.9 million and goodwill of US$19.3 million. The goodwill results mainly from non-recognizable future expectations of market developments and from synergy effects. The acquired technology complements WACKER's biopharmaceuticals portfolio. The purchase price allocation was preliminary as of the June 30, 2021, reporting date. WACKER simultaneously concluded a strategic cooperation agreement for production of the VM202 drug developed by the seller. This drug is currently in clinical trials. The costs of the transaction were expensed and were insignificant. Since being acquired, the company has not recorded any sales and has recognized negative EBITDA of US$3.8 million. If the acquisition had taken place at the start of the year, there would also have been no sales and EBITDA would have been negative.

Reconciliation of Segment Results

€ million	6M 2021	6M 2020	Change in %
EBIT of reporting segments	**425.1**	116.4	>100
Corporate functions/Other	**–36.4**	–44.0	–17.3
Consolidation	**–0.1**	–0.8	–87.5
Group EBIT	388.6	71.6	>100
Financial result	**–20.1**	–23.2	–13.4
Income before income taxes	368.5	48.4	>100
Income taxes	**–83.1**	25.0	n.a.
Net income for the period	285.4	73.4	>100

Segment Reporting

Please refer to the Division Performance section of the interim management report for the required information on segments.

Information on Fair Value

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

WACKER measured equity instruments not held for trading in the amount of €12.2 million (versus €11.9 million a year earlier) at fair value pursuant to IFRS 9 and reallocated these to Level 3 of the fair value hierarchy. The equity instruments concerned are small, regional investments in non-profit companies that operate infrastructure facilities.

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

€ million	June 30, 2021		Dec. 31, 2020	
	Fair value	Carrying amount	Fair value	Carrying amount
Trade receivables	**827.8**	**827.8**	627.0	627.0
Securities and fixed-term deposits (measured at amortized cost)	**332.3**	**332.3**	597.4	597.4
Securities (FVPL) [1]	**154.3**	**154.3**	114.6	114.6
Other financial assets	**75.7**	**75.7**	86.9	86.9
Loans and other financial assets (measured at amortized cost)	**60.2**	**60.2**	61.1	61.1
Investments (FVPL) [2]	**12.2**	**12.2**	11.9	11.9
Derivative financial instruments	**3.3**	**3.3**	13.9	13.9
Cash and cash equivalents (measured at amortized cost)	**1,071.6**	**1,071.6**	626.0	626.0
Financial liabilities	**1,297.0**	**1,282.1**	1,304.4	1,282.7
Financial liabilities from lease liabilities	**124.1**	**124.1**	122.8	122.8
Trade payables	**589.8**	**589.8**	424.2	424.2
Other financial liabilities	**16.1**	**16.1**	15.6	15.6
Financial liabilities recognized at amortized cost	**12.4**	**12.4**	15.2	15.2
Derivative financial instruments	**3.7**	**3.7**	0.4	0.4

[1] FVPL = financial assets measured at fair value through profit or loss
[2] The historical cost of these investments represents the best approximation of their fair value.

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. Please refer to the Financial Instruments section of the Notes to the consolidated financial statements in the 2020 Annual Report for a definition of the fair value hierarchy and the allocation of financial assets and liabilities to the categories in this hierarchy.

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

Fair Value Hierarchy

€ million				June 30, 2021				Dec. 31, 2020
	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 that do not qualify for hedge accounting (FVPL)	–	1.2	–	1.2	–	3.6	–	3.6
Investments in equity instruments – trading (FVPL)	–	–	12.2	12.2	–	–	11.9	11.9
Fair value through other comprehensive income/ through profit or loss								
Derivatives that qualify for hedge accounting	–	2.1	–	2.1	–	10.3	–	10.3
Securities – trading (FVPL)	154.3	–	–	154.3	114.6	–	–	114.6
Total	154.3	3.3	12.2	169.8	114.6	13.9	11.9	140.4
Financial assets measured at amortized cost								
Loans – held-to-collect	–	42.3	–	42.3	–	39.5	–	39.5
Total	–	42.3	–	42.3	–	39.5	–	39.5
Financial liabilities measured at fair value								
Fair value through profit or loss								
Derivatives that do not qualify for hedge accounting (FVPL)	–	2.0	–	2.0	–	0.4	–	0.4
Fair value through other comprehensive income/ through profit or loss								
Derivatives that qualify for hedge accounting	–	1.7	–	1.7	–	–	–	–
Total	–	3.7	–	3.7	–	0.4	–	0.4
Financial liabilities measured at amortized cost								
Financial liabilities	–	1,283.8	13.2	1,297.0	–	1,295.8	8.6	1,304.4
Total	–	1,283.8	13.2	1,297.0	–	1,295.8	8.6	1,304.4

The market value determined in Level 1 is based on quoted, unadjusted prices in active markets for these assets and liabilities or identical ones. The financial instruments allocated to Level 2 are measured using methods based on parameters that are either directly or indirectly derived from observable market parameters. These include hedging and non-hedging derivative financial instruments, loans and financial liabilities.

In Level 3, the market value is determined on the basis of parameters for which no observable prices are available. This level includes WACKER investments not held for trading as well as earn-out liabilities from corporate acquisitions. The earn-out liabilities are measured at fair value and recognized under financial liabilities. At the respective reporting date of each quarter, WACKER reviews whether its financial instruments are still allocated to the appropriate levels of the fair value hierarchy. As was the case in the consolidated financial statements for 2020, no reclassifications were carried out between the levels of the fair value hierarchy in the first six months of 2021.

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

Related Party Disclosures

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

In the current reporting year, the WACKER Group is affected by the disclosure obligations under IAS 24 with respect to the business relations with Wacker Chemie AG's major shareholders and its Executive Board and Supervisory Board members. The principles of IAS 24 also apply to all transactions with non-consolidated subsidiaries, associates 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.

The 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. It concerns the renting of office space and the exchange of services, and is of a limited extent. These transactions are conducted at arm's length.

Wacker Chemie AG's pension fund (Pensionskasse der Wacker Chemie VVaG) 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 land on which it stands from a subsidiary of the pension fund. As of June 30, 2021, lease liabilities totaled €11.0 million (after €46.2 million a year earlier). Interest expense amounted to €0.0 million in the first six months of 2021, after €0.3 million a year earlier. Additional liabilities of €2.4 million (December 31, 2020: €2.6 million) mainly related to outstanding contributions.

Further, WACKER Group companies have not conducted any material transactions with members of Wacker Chemie AG's Executive or Supervisory Boards or with any other key management personnel or with companies of whose executive or supervisory bodies these persons are members. The same applies to close family members of the aforementioned persons.

Business with joint ventures and associates, the pension fund, and non-consolidated subsidiaries is conducted under conditions that are customary between outside third parties (arm's length transactions). Contractually agreed transfer-price formulas have been defined for joint-venture and associated-company product shipments.

The table below shows the volume of supply and service activities with the above-mentioned related parties.

Related Party Disclosures

€ million	6M 2021		June 30, 2021		6M 2020		Dec. 31, 2020	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associates	77.1	59.4	17.1	17.2	75.1	46.5	14.4	8.9
Joint ventures	2.2	1.1	1.2	0.3	1.8	0.6	0.7	0.4

In addition, a loan to an associate totaling €42.3 million (December 31, 2020: €39.5 million) was recognized as a current financial receivable.

Exchange Rates

	Exchange rate as of		Average exchange rate	
	June 30, 2021	Dec. 31, 2020	6M 2021	6M 2020
USD	1.19	1.23	1.21	1.10
CNY	7.69	8.05	7.80	7.75

Major Events during the Period

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

On December 9, 2020, Wacker Chemie AG signed an agreement with GlobalWafers Co. Ltd., a Taiwanese competitor of Siltronic AG, to transfer WACKER's stake of 30.83 percent in Siltronic AG to GlobalWafers as part of the latter's takeover bid for the company. Under the agreement, GlobalWafers Co. Ltd. is to acquire at least 50 percent of the shares in Siltronic AG. The offer period ended on February 10, 2021, with more than 50 percent of Siltronic's shareholders accepting the offer price of €145 per share. The takeover remains subject to approval by the antitrust and foreign trade authorities.

Events after the Reporting Date

No major events subject to reporting requirements occurred between the closing date (June 30, 2021) and the date of authorization of the half-yearly financial statements (August 5, 2021).

There were no material or fundamental changes in the WACKER Group's overall economic and business environment.

The Group's legal and organizational structure remained unchanged.

Munich, August 5, 2021
Wacker Chemie AG

Christian Hartel **Auguste Willems**

Tobias Ohler **Angela Wörl**

Responsibility Statement

We assure to the best of our knowledge that, 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 provides both a fair review of the development and performance of the Group's business and of its situation as well as a description of the principal opportunities and risks associated with the Group's expected development for the remaining months of the fiscal year.

Munich, August 5, 2021
The Executive Board of Wacker Chemie AG

Christian Hartel	**Auguste Willems**
Tobias Ohler	**Angela Wörl**

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 consolidated statement of cash flows, the statement of changes in equity and selected explanatory notes – together with the interim group management report of Wacker Chemie AG, for the period from January 1 through June 30, 2021, that are part of the semi-annual financial report according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "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 respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU, and 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. 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 IAS 34, "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, August 5, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Original German version signed by:

Huber-Straßer	**Hanshen**
Wirtschaftsprüferin	**Wirtschaftsprüfer**
[German Public Auditor]	**[German Public Auditor]**

2021
Financial Calendar

OCTOBER
28

Interim Report on the 3rd Quarter of 2021

Contacts
Publishing Details

Investor Relations
Joerg Hoffmann
Head of Investor Relations
Tel. +49 89 6279-1633
joerg.hoffmann@wacker.com

Media Relations
Christof Bachmair
Tel. +49 89 6279-1830
christof.bachmair@wacker.com

Publisher
Wacker Chemie AG
Corporate Communications
Hanns-Seidel-Platz 4
81737 Munich, Germany
Tel. +49 89 6279-0
Fax +49 89 6279-1770
www.wacker.com

Overall Responsibility
Jörg Hettmann

Project Coordination
Heide Feja

Design
Kirchhoff Consult AG, Hamburg
www.kirchhoff.de

Wacker Chemie AG
Hanns-Seidel-Platz 4
81737 München, Germany
Tel. +49 89 6279-0
Fax +49 89 6279-1770
www.wacker.com