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Wacker Chemie AG
Interim Report

January – March 2012

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WACKER

Interim Report January - March 2012

Group sales reach about €1.19 billion in Q1 2012, down close to 8 percent from a year ago, but 18 percent above Q4 2011

Price declines reduce first-quarter earnings before interest, taxes, depreciation and amortization by 40 percent to €212 million, with EBITDA almost twice that of Q4 2011

Net income for Q1 2012 amounts to €40 million

Investments of €186 million focus on strategic growth projects

Forecast unchanged: full-year 2012 sales expected to reach about €5 billion, EBITDA likely to be substantially below prior-year level

Cover

Megacity Shanghai: The metropolises particularly in the east of the People's Republic are a graphic reminder of the ongoing boom in the Chinese economy. Growing living standards in the Middle Kingdom mean growing customer demand and high sales volumes for WACKER.

WACKER at a Glance

€ million	Q1 2012	Q1 2011	Change in %
Sales	1,194.3	1,291.7	−7.5
EBITDA[1]	211.8	351.0	−39.7
EBITDA margin[2] (%)	17.7	27.2	–
EBIT[3]	82.4	245.9	−66.5
EBIT margin[2] (%)	6.9	19.0	–
Financial result	−13.7	−7.9	73.4
Income before taxes	68.7	238.0	−71.1
Net Income for the period	40.0	168.0	−76.2
Earnings per share (basic/diluted) (€)	0.84	3.39	−75.2
Investments (incl. financial assets)	186.1	136.6	36.2
Net cash flow[4]	−41.5	97.5	n.a.

€ million	March 31, 2012	March 31, 2011	Dec. 31, 2011
Equity	2,668.0	2,617.9	2,629.7
Financial liabilities	1,097.3	541.9	777.9
Net financial receivables[5]	19.1	559.5	95.7
Total Assets	6,596.8	5,932.9	6,237.0
Employees (number at end of period)	17,166	16,602	17,168

[1] EBITDA is EBIT before depreciation and amortization.
[2] Margins are calculated based on sales.
[3] EBIT is the result from continuing operations for the period before interest and other financial results, and income taxes.
[4] Sum of cash flow from operating activities (excluding changes in advance payments received from polysilicon contracts) 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.

Interim Report January – March 2012

Polymers from the Southern Capital

China is WACKER's most important growth market by far. Over the past six years, the Munich-based chemical company has more than tripled its sales in Greater China. Last year, China and Taiwan generated over one billion euros for WACKER, or around one fifth of the Group's total sales.

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The rapid growth in business here has a simple explanation: the standard of living in the world's most populous country is rising steadily and, with it, the demand for high-quality products – precisely what WACKER manufactures. The company's Nanjing site has been manufacturing dispersible polymer powders and dispersions since 2009, primarily for the construction industry, adhesives, paints and surface coatings, as well as for the paper packaging, carpet and textile sectors. And to keep abreast of fast-growing customer demand here in upcoming years, too, WACKER has just approved a substantial expansion program. The coming year will see the commissioning of a further dispersion reactor and a new facility for making polyvinyl acetate solid resins in Nanjing. WACKER is investing a total of some 40 million euros in these production plants.

1
John Yang, site manager in Nanjing. Trained as an industrial engineer, he has been with WACKER since 2004.

2
Earlier this year, WACKER decided to expand its production capacities for dispersions and polyvinyl acetate solid resins in Nanjing. Work on the foundations is already in full swing.

When site manager John Yang takes visitors on a tour of the Nanjing site, his eyes light up. “Four years ago, this was all green fields. But, from moving in the excavators, we were starting up production within just 20 months. That’s probably a record for a new chemical plant of this scale.”

A qualified industrial engineer and a WACKER employee since 2004, he is visibly proud of what has been accomplished in such a short period. Here in Nanjing, capital of the eastern province of Jiangsu, WACKER, starting from ethylene and vinyl acetate monomer feedstocks, produces some 60,000 metric tons a year of vinyl acetate-ethylene (VAE) dispersions. These milky liquids serve as starter materials for a host of industrial applications, including adhesives, paints and technical textiles. Some of the dispersions are converted directly to dispersible polymer powders on site. They act as binders for construction applications, such as building insulation. The Nanjing plant can produce 30,000 tons of polymer powders a year, and is the largest of its kind in China.

Multitalented Polymers

For WACKER these highly versatile polymers are big business – and steeped in tradition. The company’s involvement in dispersible polymer powders and dispersions dates back more than 50 years. In 1957, it was WACKER chemists who first managed to produce binder powders in industrial quantities for use as additives in dry-mix mortars. Today, we are the global market and technology leader for vinyl-acetate-based copolymers and terpolymers – marketed worldwide under the VINNAPAS® brand. In fiscal 2011, the Group’s polymer sales totaled more than 900 million euros. That is an increase of 15 percent over the prior-year figure, and is projected to grow further.

So far, demand in Asia for dispersible polymer powders and dispersions has primarily been driven by the construction boom. More and more houses in China are being fitted with exterior insulation and finish systems. VINNAPAS® is a key component of the specialty mortars used for bonding in these systems. This dispersible polymer powder creates a strong bond between the individual system layers. Insulating buildings saves energy – not just in winter when homes need to be heated, but also in summer when air-conditioning systems are running flat-out. Studies conducted by WACKER have shown that insulation can slash a building’s energy consumption by up to 60 percent. As a side effect, the carbon footprint also shrinks, which is an extra bonus for the environment. Other major construction applications for dispersible polymer powders and dispersions from WACKER are tile adhesives, floor screeds and plasters, which show improvements in such important end-product properties as flexibility, flexural and tensile strength, and adhesion.

Construction aside, other industrial applications are increasingly fueling demand for VAE dispersions. Up until now, carpet flooring, paper and cardboard packaging, and paints and coatings contained dispersions that were primarily based on styrene-butadiene and styrene-acrylate – both products based on crude oil. However, the high price of oil is inducing many makers of cardboard and carpets to switch to less expensive VAE dispersions. “We believe that this trend will continue and expect average annual growth rates of between 20 and 30 percent, depending on the application,” says Peter Summo, who is in charge of dispersions business at WACKER POLYMERS.

In anticipation of this surge in demand for VAE dispersions in Asia, WACKER is now expanding its production capacity in Nanjing with capital expenditures of around 40 million euros. Some of this investment is earmarked for a new VAE dispersions reactor with an annual capacity of 60,000 metric tons, thus doubling dispersions capacity at the site by mid-2013. At Nanjing, WACKER is also building a new plant to produce polyvinyl acetate solid resins with an annual capacity of 20,000 metric tons. This plant is due for completion in early 2013. These resins are a key ingredient of chewing gum base, another business in which WACKER is a world market leader.

Rapid Expansion

Busy times therefore lie ahead for the teams involved in the expansion program. Site management, procurement, engineering and partner companies are already working hand in hand to ensure that the ambitious schedule remains on track. They can count on the wealth of experience which WACKER has now accumulated from major projects in China – not only in Nanjing, but also some 200 kilometers further east in Zhangjiagang, where WACKER and Dow Corning are jointly operating one of the world’s largest and most modern silicone production complexes. And WACKER can also count on the support of the Nanjing Chemical Industrial Park, in which the ten-hectare site is located. “The chemical park management and the local authorities already did an outstanding job facilitating our efforts when we originally started to build the new site, from the necessary approvals right through to infrastructure,” recalls site manager John Yang. “Our partnership is now well established.”

The site manager and his team, too, have proved their mettle. When it comes to product quality and economy, Nanjing is in the same league as the WACKER Group’s production sites in Germany. Yang, who graduated in

Nanjing, is delighted at the site's prospects – not only as regards production capacity, but also jobs: "We started out with 70 employees in 2009, and now we have more than 100. And the new plants will create further jobs."

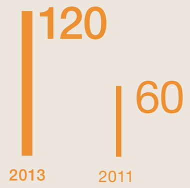
Further Expansion Is Not Ruled Out

He is optimistic about the future of the site. China's economy will continue to grow and customers will want high-quality products – there can be no better recipe for success, he adds. Will the site then be expanded even further? Yang smiles. That decision is taken at Group headquarters, not in Nanjing, he says diplomatically. "But," he adds with a wink, "we certainly have enough space here."

€40 Million

investment in the Nanjing integrated production site

Capacity for VAE dispersions (in metric kt)



Nanjing growth region

--- 6,598 sq. km
--- 5,412,400 population

3

4

3
Site manager John Yang in talks with Marc Liu, who is responsible for solid-resin production at Nanjing. The site is planned to come on stream as early as 2013.

4
The construction boom is driving demand for VINNAPAS® polymer powders. They are used, for example, in building insulation and tile adhesives.

5

2013

The new dispersion reactor is scheduled to come on stream in mid-2013

5

Quality takes top priority. In the site's own laboratory, chemists regularly check whether the dispersions produced in Nanjing meet all the specifications.

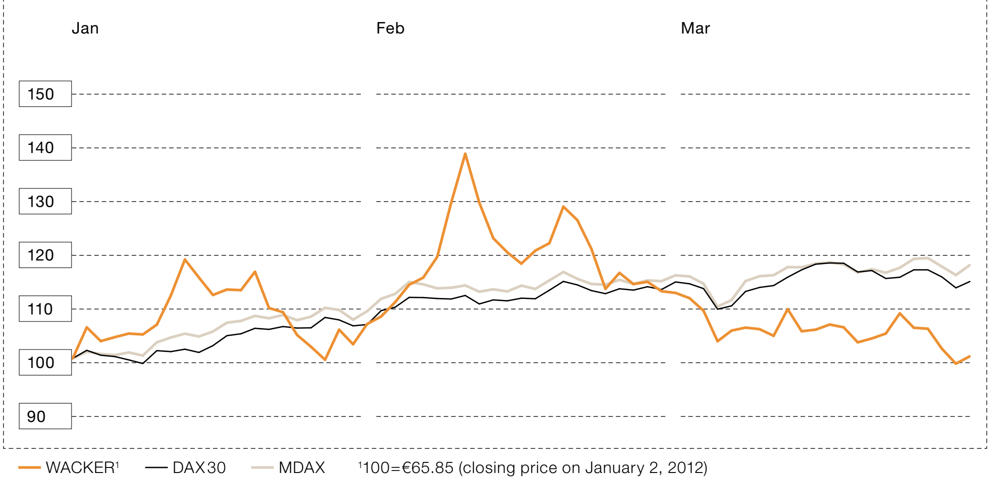
WACKER Stock

In Q1 2012, developments in the world's capital and financial markets continued to be dominated by political efforts to overcome the sovereign-debt crisis in Europe and preserve its common currency. The decisions of European governments, accompanied by supporting measures at the European Central Bank and the International Monetary Fund, have averted the imminent danger of government defaults in Greece and other southern European countries for now. While this has calmed the markets to a certain extent, genuine confidence in underlying financial dynamics and global economic trends has by no means been restored. Many risks and uncertainties remain. Accordingly, cautious skepticism was the predominant sentiment on the exchanges in early 2012, although key corporate data and business indicators do point to a gradual improvement in overall economic conditions.

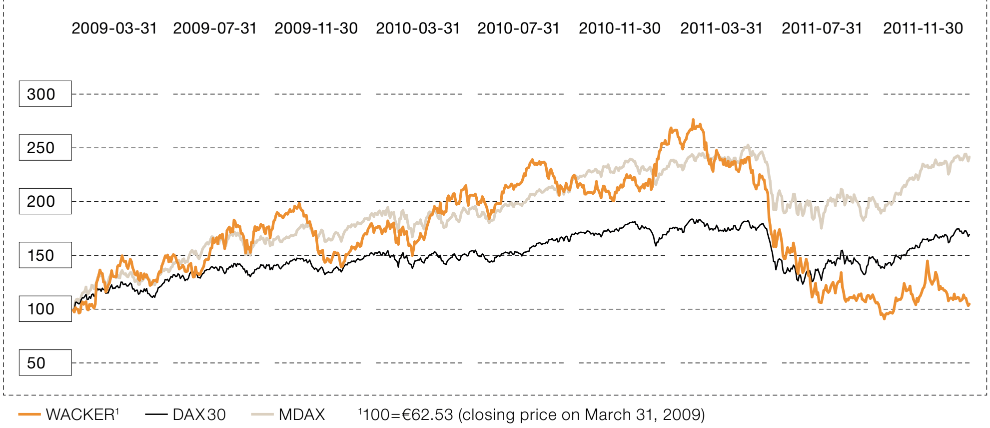
Germany's DAX and MDAX equity indices gained 14 percent and 17 percent, respectively, in the three months from January through March 2012. WACKER's stock essentially moved sideways in Q1 2012. It started out 2012 at a price of €65.85 and closed the first quarter at €66.11. Overall, the stock thus traded above its December 2011 lows. A major factor behind this share-price trend was that analysts and investors continued to view the entire solar industry critically because of the ongoing consolidation process. Since WACKER is one of the world's leading producers of polysilicon for photovoltaic applications, the solar-sector situation diminished the stock's attractiveness in the eyes of capital-market participants. The release of WACKER's preliminary 2011 figures on January 26, 2012, and the publication of the annual report on March 14, 2012, had no directly identifiable impact on the price of WACKER's stock. At the start of February, it experienced a temporary high phase and reached its first-quarter high of €91.00 on February 9. The price subsequently fell back to its previous level and, in March, moved within a corridor between about €65 and €70.

Over the past three years, until the fall of 2011, WACKER's share price has tended to move in line with the German benchmark indices. It has, however, exhibited higher volatility than the DAX and MDAX, as seen in both its upward and downward deviations from the general market trend. During the past six months, the stock has lagged behind the German benchmark indices. Over these last three years, the WACKER stock had a high of €172.80 (May 3, 2011) and a low of €57.49 (December 19, 2011). During the same period, the DAX moved between a high of 7,527.64 points (May 2, 2011) and a low of 4,084.76 points (March 31, 2009). The MDAX ranged from a high of 11,187.04 points (July 7, 2011) to a low of 4,426.37 points (March 31, 2009).

G 1.1 WACKER Share Performance in Q1 2012 (indexed to 100)[1]



G 1.2 WACKER Share Performance from March 31, 2009 to March 31, 2012 (indexed to 100)[1]



T 1.2 Facts & Figures on WACKER Stock

€	Q1 2012
Closing price at the start of the reporting period (Jan. 2, 2012)	65.85
High in the reporting period (Feb. 9, 2012)	91.00
Low in the reporting period (March 29, 2012)	65.20
Closing price at the end of the reporting period (March 30, 2012)	66.11
Change during the reporting period (%)	0.4
Average daily trading volume in shares/day (Xetra)	305,290
Market capitalization at the start of the reporting period (billion) (based on shares outstanding)	3.27
Market capitalization at the end of the reporting period (billion) (based on shares outstanding)	3.28
Earnings per share (€)	0.84

Please refer to the 2011 Annual Report (pages 41 to 46) and the internet (www.wacker.com/investor-relations) for more details about WACKER's stock (e.g. the dividend, shareholder structure, banks and investment firms that cover and rate WACKER, analyst estimates, and investor and analyst events held or attended by WACKER).

Report on the 1st Quarter of 2012

January – March 2012

Dear Shareholders,

The WACKER Group got off to a good start in 2012, but the business environment remains challenging. The global economy is only recovering slowly from its period of weakness and the risks posed by the sovereign-debt crisis in Europe and in other advanced economies have not gone away. Growth prospects diverge greatly from region to region.

Encouragingly, customer demand gained appreciable momentum in many business segments during the first quarter of 2012. It seems that the downward trend has now come to an end – a reassuring signal for the months ahead. But we still see the necessity to dynamically manage our business and to act resolutely. In doing so, we are focusing on three strategic guidelines.

First, we want to continue growing organically. As in the past, there will be good opportunities to increase volumes in many regions and product segments. Examples include the construction industry in South America and the semiconductor market in Asia. We also intend to reinforce and expand our competitive position in our traditional markets, too.

Second, our strategy involves continuously optimizing capacity and adapting it to global changes in demand. This means building production facilities in areas where we have identified attractive sales markets and manufacturing locations. Our approach is exemplified in Nanjing, China, where we are increasing polymer production volumes. This move will strengthen our position as the world's leading manufacturer of polymers for dispersions and gumbase. In the USA, we are constructing a new polysilicon site to respond to global photovoltaics growth. Our strategy also means, though, that we will transfer or shut down production lines when the necessity arises – as in our semiconductor business, where Siltronic is reducing and concentrating its resources for 150 mm and 200 mm silicon wafers. These measures will increase plant utilization and improve fixed-cost structures.

Third, as a globally active chemical company, WACKER draws on innovation and research, coupled with progress and growth. That is why we will keep investments and R&D spending at sustained high levels this year. At WACKER SILICONES, for example, we intend to expand our specialty silicone business for the medical sector. In basic research, our priorities include energy storage and generation.

The balanced composition and risk profile of our various business activities help offset fluctuations in individual customer sectors. Our five business divisions are the pillars of WACKER's strength. They are firmly anchored in the very fabric of a Group that is well positioned financially. As a result, we can offer good, reliable long-term prospects to our customers, employees and shareholders.

Munich, May 4, 2012
Wacker Chemie AG's Executive Board

Interim Group Management Report

Overall Economic Situation and State of the Industry

World Economic Growth Sluggish, with Uncertain Times Ahead

The global economy slowed down markedly at the end of 2011 and is expected to post only moderate growth in 2012. In particular, the financial crisis and the battle to bring down Europe's high sovereign-debt levels have curbed economic momentum in recent months. The International Monetary Fund (IMF) contends that the risks relating to a global economic recovery have increased substantially during the past months. The IMF estimates that global economic output will grow by 3.3 percent in 2012.[1]

The drivers of growth remain intact in the developing and emerging economies of Asia, Latin America and Eastern Europe. Growth rates will, however, be lower than previously expected. The IMF is forecasting an overall growth rate this year of 5.4 percent in developing and emerging markets. Leading the way once again are China, with an 8.2-percent increase in GDP, and India, with 7.0 percent.[1] According to China's National Bureau of Statistics, GDP in the People's Republic grew 8.1 percent in the first quarter of 2012, the lowest rate in almost three years.[2] After Japan's 0.9 percent decline in 2011, the IMF expects the Japanese economy to make a comeback and grow by 1.7 percent this year.

The US economy is expected to continue its recovery during the year, with the IMF forecasting a GDP rise of 1.8 percent for 2012. Solid US domestic demand can offset the negative effects there of the financial and sovereign-debt crises in the eurozone.[1] In its most recent analysis for the USA, the Organisation for Economic Co-Operation and Development (OECD) is projecting solid growth of 2.9 and 2.8 percent, respectively, for the first two quarters of 2012.[3]

The IMF believes that the eurozone will enter a mild recession, with economic output likely to retreat by 0.5 percent from the previous year. One reason for this contraction is the financial consolidation announced by eurozone governments.[1] The IMF's estimate largely coincides with the OECD's analysis, which projects that first-quarter GDP in Germany, France and Italy – the three largest eurozone countries – will fall 0.4 percent compared with Q4 2011. That trend is expected to reverse by the second quarter, however, with the OECD indicating that the GDP of these three eurozone members will grow by 0.9 percent quarter on quarter.[3]

[1] International Monetary Fund, World Economic Outlook Update: Global Recovery Stalls, Downside Risks Intensify, Washington, January 24, 2012
[2] China Daily, China's Q1 GDP growth slows to 8.1%, April 13, 2012
[3] Organisation for Economic Co-Operation and Development (OECD), What is the economic outlook for the OECD countries? An interim assessment, Paris, March 29, 2012

The German economy, which surged in the first three quarters of 2011, also experienced a period of weakness in the fourth quarter, when GDP contracted by 0.2 percent. But, in Q1 2012, the country's economy seems to have recovered again. Initial indicators – such as the rise in industrial production and exports at the start of the year – point toward a revival of economic activity, which is being bolstered, above all, by robust domestic demand.[1] In their spring report, Germany's leading economic research institutes have slightly elevated their growth forecast for 2012. This year, they expect German GDP to increase by 0.9 percent.[2] This is somewhat more optimistic than the IMF forecast, which predicts 0.3 percent growth for Germany in 2012.[3]

The chemical sector, too, apparently reached the end of a downturn in production output and sales performance in Q4 2011. The German Chemical Industry Association (VCI) believes that business is improving, and that growth drivers are starting to gain traction. While the VCI does not expect Germany's chemical output to actually expand in full-year 2012, partly due to the statistical base effect, it does predict that sales in the industry will improve by 1 percent this year.[4] The European Chemical Industry Council (CEFIC) has noticed a similarly positive trend. Its analyses indicate that Europe's chemical industry grew in January 2012 for the second consecutive month. On a year-on-year basis, however, the January 2012 data show that production was still 2.3 percent down from its level of January 2011.[5] In line with the industry trend, WACKER's three chemical divisions saw substantial improvements in first-quarter sales compared with the preceding quarter.

According to market-research institute Gartner, worldwide silicon-wafer sales, in terms of surface area sold, will fall by 5.1 percent in full-year 2012, dampened by modest overall economic growth and weak demand for semiconductors. Sales are projected to decline by 6.2 percent. However, Gartner's market-research experts have identified a positive quarter-on-quarter trend for 2012. While volumes were down 2.3 percent in the first quarter, wafer surface-area sales worldwide are expected to rise by 7.5 percent and 5.2 percent, respectively, in the next two quarters. 300 mm wafers will see the strongest improvement, with volumes for this diameter expected to grow by 2.1 percent in the full year.[6] At Siltronic, volumes picked up noticeably during Q1 2012. The first quarter also saw Siltronic's sales for semiconductor wafers climbing some 12 percent compared with Q4 2011.

[1] Federal Ministry of Economics and Technology, monthly report ("Schlaglichter der Wirtschaftspolitik") for April 2012; March 23, 2012
[2] Joint Economic Forecast Project Group, Upswing in German Economy – European Debt Crisis Smoulders On. Joint Economic Forecast Spring 2012, Munich, April 17/19, 2012
[3] International Monetary Fund, World Economic Outlook Update: Global Recovery Stalls, Downside Risks Intensify, Washington, January 24, 2012
[4] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 4th quarter 2011: Chemistry is fighting weak phase, Frankfurt, March 1, 2012
[5] The European Chemical Industry Council, Chemicals Trends Report, Monthly Summary March 2012, Brussels, March 22, 2012
[6] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 1Q12 Update, Stamford (USA), March 2012

In the solar industry, the European Photovoltaic Industry Association (EPIA) reports that new installations of photovoltaic capacity worldwide reached a record of 27.7 gigawatts in 2011. With a share of some 75 percent of the entire market, Europe remains predominant in the industry, with Italy and Germany as the largest markets. Having installed 2 gigawatts in new capacity last year, China has become the third-ranked photovoltaic growth region. New photovoltaic capacity in the USA has also expanded strongly, with 1.6 gigawatts installed.[1] The German government is currently planning further cuts in feed-in tariffs for solar power and aims to limit newly installed photovoltaic capacity. This has led to uncertainty in the sector. Countries such as China, the USA, Japan and India, however, are likely to leverage their solar energy opportunities even more than in the past. The marked downturn in prices for polysilicon, wafers, cells and modules supports this development. This makes photovoltaics more competitive as an energy source. In Q1 2012, accelerating demand had a positive effect on WACKER's polysilicon business.

Sales and Earnings for the WACKER Group

Rising Customer Demand Revives Business Performance and Improves Plant Utilization

After a period of weakness at year-end 2011, WACKER saw customer demand pick up appreciably in Q1 2012, resulting in higher volumes. The Group generated first-quarter sales of €1,194.3 million, down just short of 8 percent compared with Q1 2011 (€1,291.7 million). As expected, the very strong sales figure for the prior-year quarter could not be matched this year. However, compared with the previous quarter (€1,011.6 million), sales were up 18 percent. Thanks to a robust market environment, two of our chemical divisions – WACKER POLYMERS and WACKER BIOSOLUTIONS – lifted their volumes and revenues yet again compared with Q1 2011. The silicones business came close to matching the very high prior-year sales figure. Polysilicon volumes were almost 50 percent higher than a year ago, but a marked decline in prices dampened revenues, which were just under 12 percent below the figure for Q1 2011. In the semiconductor business, first-quarter revenues were held back by lower year-on-year volumes and prices. Compared to the previous quarter, though, revenues were up 12 percent, bolstered by increased volumes.

Overall, higher volumes raised the Group's first-quarter sales by 8 percent against the year-earlier period. Conversely, weaker prices lowered sales by 17 percent. Exchange-rate effects increased sales in Q1 2012 by just under 2 percent. Trading at an average exchange rate of 1.31 dollars to the euro, the euro was slightly weaker than in the prior year's first and fourth quarters. In Q1 2012, WACKER invoiced some 29 percent of its sales in dollars (Q1 2011: 31 percent). Compared to the US dollar, other foreign currencies have only minor importance.

Plant utilization at WACKER's business divisions improved in the first quarter of 2012 compared with the preceding quarter. WACKER POLYMERS reported first-quarter capacity utilization of about 80 percent for dispersions and dispersible polymer powders. At WACKER SILICONES, plants were on average over 80 percent utilized during the first quarter of 2012. With demand and volumes on the rise, WACKER POLYSILICON ramped up its production to maximum capacity during the reporting period. At Siltronic, capacity utilization levels rose to around 70 percent by the end of the quarter. In Singapore, the Siltronic Samsung Wafer joint venture has its 300 mm wafer facilities running at close to full capacity.

[1] European Photovoltaic Industry Association, Market Report 2011, Brussels, January 24, 2012

The performance of each of WACKER's five divisions during the first quarter of 2012 is described in detail in the Division Results section of this Interim Report, starting on page 32.

Sales in Asia Continue Growing

In Q1 2012, WACKER's business performance varied across individual regions. One of the major reasons for this divergence is the strong solar-industry shift toward Asia. While sales, especially in Germany and the rest of Europe, were substantially below prior-year levels, the Group increased its Asian sales by 3 percent. Generating first-quarter sales of €487.1 million (Q1 2011: €471.9 million), Asia is WACKER's largest and fastest-growing sales market. Its share of total Group sales was 41 percent in Q1 2012 compared with 37 percent a year earlier. Business in the region grew most strongly in Southeast Asia.

Europe showed a significally weaker business performance. Along with declining solar-sector sales, cautious customer ordering patterns also left their mark. In Germany, first-quarter sales were €184.6 million in 2012 – down 25 percent from a year ago (€247.2 million). Sales in the rest of Europe also contracted. At €276.3 million, they dropped over 11 percent against the prior-year period (€311.9 million).

In the Americas, WACKER's chemical business grew during the quarter under review. However, semiconductor-wafer and polysilicon sales there posted declines. Total sales for the region from January through March 2012 amounted to €207.3 million – a drop of 6 percent from a year earlier (€220.5 million).

In the markets combined under "Other regions," first-quarter sales totaled €39.0 million (Q1 2011: €40.2 million).

Overall, WACKER generated about 84 percent of its first-quarter sales with customers outside Germany (Q1 2011: 81 percent).

Regional Breakdown of WACKER Group Sales

T 2.1 Group Sales by Region

€ million	Q1 2012	Q1 2011	Change in %	% of Group sales
Asia	487.1	471.9	3	41
Europe excluding Germany	276.3	311.9	−11	23
Germany	184.6	247.2	−25	16
The Americas	207.3	220.5	−6	17
Other regions	39.0	40.2	−3	3
Total sales	1,194.3	1,291.7	−8	100

Please refer to WACKER's 2011 Annual Report (pages 49 to 57) 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 Group divisions. There were no material changes in this respect during Q1 2012.

Raw-Material and Energy Prices Remain High

At WACKER, more than one-third of the cost of goods sold consists of raw materials and energy. Developments in the procurement markets thus have a major influence on the profitability of our operations. Although the market situation had eased up somewhat compared with the second half of 2011, the cost of raw materials and energy remained high in the period under review. Ethylene and vinyl acetate monomer, for example, were 7 percent more expensive than a year ago. Natural gas, used by WACKER for on-site power generation at Burghausen, even registered a year-on-year increase of 33 percent. In contrast, the prices of silicon metal, methanol and electricity increased only marginally from Q1 2011 levels. Another point to consider when making a year-on-year comparison is that, in some cases, WACKER still had access in Q1 2011 to raw-material inventory purchased at lower prices in 2010.

Lower Solar-Silicon Margins and Special Effects Influence Profitability – Q1 2012 EBITDA Margin at 17.7 Percent

In the first quarter of 2012, WACKER achieved earnings before interest, taxes, depreciation and amortization (EBITDA) of €211.8 million – a 40-percent drop from the particularly strong opening quarter of 2011 (€351.0 million). Compared with Q4 2011 (€110.8 million), however, the Group almost doubled its EBITDA. The first-quarter EBITDA margin reached 17.7 percent (Q1 2011: 27.2 percent).

Alongside the persistently high cost of raw materials and energy, a major factor dominating earnings in the quarter was the substantial reduction in polysilicon prices from a year ago. Lower prices also held back silicone and semiconductor earnings during the three months from January through March 2012. Moreover, Siltronic had non-recurring expenses relating primarily to the forthcoming closure of the 150 mm wafer production line at Portland, which reduced EBITDA by some €15 million. During the quarter, WACKER POLYSILICON received around €37 million in advance payments and damages from polysilicon customers exiting the solar business. EBITDA at both WACKER POLYMERS and WACKER BIOSOLUTIONS improved thanks to high capacity utilization, coupled with an appropriately good fixed-cost coverage ratio.

The Group's first-quarter earnings before interest and taxes (EBIT) amounted to €82.4 million (Q1 2011: €245.9 million), which corresponds to an EBIT margin of 6.9 percent (Q1 2011: 19.0 percent). In the fourth quarter of 2011, EBIT had been €– 55.0 million. Aside from the factors already mentioned, the 66-percent decline in EBIT from a year ago was also due to a marked increase in write-downs of noncurrent assets. In Q1 2012, the write-downs amounted to €129.4 million (Q1 2011: €105.1 million). The new polysilicon plant at Nünchritz has increased depreciable property, plant and equipment on the balance sheet. Additionally, WACKER reduced the depreciation period for some components of polysilicon plants to more closely reflect the expected useful life of these facilities.

The profitability trend of each of WACKER's five divisions in Q1 2012, and the respective key factors involved, are described in the Division Results section of this Interim Report, starting on page 32.

First-Quarter Sales and EBITDA Slightly Ahead of Expectations

In Q1 2012, WACKER's sales and EBITDA came in slightly better than originally expected by the Group's Executive Board and management. Business had been weak in late 2011, and a similarly challenging market environment was expected for the start of the new fiscal year. When the 2011 Annual Report was released on March 14, 2012, the Executive Board estimated sales of about €1.15 billion and EBITDA of just under €200 million in its guidance for Q1 2012. Sales actually reached around €1.19 billion, while EBITDA was €212 million. The earnings figure includes a special item of about €37 million in retained advance payments and damages from polysilicon customers withdrawing from the solar business.

Raw-material and energy costs developed as planned.

In the solar industry, the ongoing consolidation process continued during the quarter, in line with expectations. Both the completed and planned reductions of solar feed-in tariffs in Germany are intensifying competitive and consolidation pressures. As explained when the 2011 Annual Report was released, the days of 50-percent-plus EBITDA margins in the polysilicon business are over. Because the fourth quarter had seen customers using up most of their remaining inventory, it was assumed that demand would pick up again by the start of 2012. This turned out to be the case in the quarter under review.

In its semiconductor business, WACKER has been working for some time on increasing the productivity and flexibility of its global production capacities. With its Q1 2012 decision to consolidate 150 mm wafer capacities, Siltronic is building on structural improvements already made and adapting output to market demand.

Earnings per Share at €0.84

Net income for the first quarter was €40.0 million (Q1 2011: €168.0 million). In consequence, earnings per share were €0.84 for January through March 2012, compared with €3.39 a year ago. In addition to the developments and key factors already described, net income was influenced by the relatively high effective tax rate and by increased interest expenses.

Investments Rise 36 Percent, Focusing on Strategic Growth Projects

WACKER invested a total of €186.1 million in January through March 2012 (Q1 2011: €136.6 million). Almost three-quarters of this amount related to the ongoing expansion of polysilicon production capacity, particularly the construction of the new Charleston site in the US state of Tennessee.

Two expansion projects are underway at the production site in Nanjing (China). A new reactor with an annual capacity of 60,000 metric tons is being added to the site's existing production facilities for vinyl acetate-ethylene copolymer dispersions. Nanjing is also building a new plant for polyvinyl acetate solid resins, with an annual capacity of 20,000 metric tons. WACKER is investing a total of about €40 million in the two new facilities, which are expected to come on stream next year. The expansion is essential for meeting anticipated customer demand, also in the years to come. By bundling its Chinese polymer activities at a single site, WACKER expects to gain significant advantages and synergies, achieving economies of scale through a common infrastructure and energy supply. Additionally, WACKER will also see transport and logistical efficiency enhanced.

Cash Flow Reflects Vigorous Investment Activity and Lower Net Income

WACKER's net cash flow for January through March 2012 was €–41.5 million, compared with €97.5 million a year ago. The decline was due to lower first-quarter net income and to the high level of capital expenditures. Additionally, starting 2012, WACKER no longer reports the change in advance payments received for polysilicon deliveries within net cash flow. The Group has thus adapted its presentation of net cash flow to the method used by financial analysts, who consider these payments to be a form of financing. Applying this method to Q1 2011, WACKER would have had net cash flow of €97.5 million back then instead of the €286.3 million actually reported for that prior-year quarter.

For more information on cash flow, please refer to the comments about the statement of cash flows on page 30 of this Interim Report.

Distribution Structures and Customer Relationships Strengthened

To reinforce its market position on the Iberian peninsula, WACKER has expanded its partnership with Siliconas Silam S.A. The Spanish silicones compounder has been a WACKER distributor in Spain for more than ten years. Now, it is authorized to sell ready-to-use silicone-rubber base materials from WACKER under its own label, supplemented by the "Based on ELASTOSIL®" slogan – supplying customers in the automotive, construction, cable and home-appliance industries. As part of its reorganization of sales structures in Russia, WACKER transferred sales responsibility for VINNAPAS® polymer powders and dispersions to the Russian chemical distributor Eurohim, effective February 2012.

In early March, WACKER completed the expansion and relocation of its South Korean technical laboratories and offices, and opened an extended technical center incorporating a training facility, near South Korea's capital, Seoul. This regional competence center combines R&D, technical support, and training for silicone and polymer applications under one roof. A priority at the new silicones lab is to research high-tech products for the electronics industry, while the technical center for polymeric binders concentrates primarily on applications for construction chemicals. Additionally, the training facility there – the WACKER ACADEMY – offers an ideal platform for sector-specific networking among customers, distributors and WACKER specialists. The South Korean technical center will help ensure an optimum supply of high-quality silicone and polymer products for the region's fast-growing markets.

Product and Process Innovations Open New Markets

WACKER's R&D costs amounted to €43.4 million in Q1 2012, compared with €42.6 million a year earlier. One of the product innovations and launches during the quarter was ELASTOSIL® N9111, a tin-free general-purpose adhesive and sealant for the automotive, household-appliance and electronics sectors. This one-component silicone rubber compound exhibits excellent heat resistance and good mechanical properties. ELASTOSIL® N9111 offers considerable time savings and processing advantages to makers of electronic components for the automotive and other sectors. Junction boxes for solar panels, too, can be mounted faster, and hence more cost-effectively, with this adhesive.

The Group's central R&D activities and the R&D fields of WACKER's divisions are described in detail on pages 100 to 109 of the 2011 Annual Report. There were no major changes during Q1 2012.

Production-Capacity Optimization Influences Workforce Numbers and Regional Distribution

Employee numbers at WACKER are changing as production capacity is transferred or shut down, and new production facilities and sites are constructed. On March 31, 2012, WACKER had 17,166 employees worldwide, up by over three percent compared with the end of Q1 2011. There was no change in the Group's total workforce compared with year-end 2011 (Dec. 31, 2011: 17,168).

As of March 31, 2012, WACKER had 12,847 employees in Germany (Dec. 31, 2011: 12,813) and 4,319 at its international sites (Dec. 31, 2011: 4,355).

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 in the 2011 Annual Report (pages 49 to 64). The principles, guidelines and processes described there have not changed materially during the period under review and continue to apply.

Condensed Statement of Income – Earnings

January 1 through March 31, 2012

T 2.2 Condensed Statement of Income

€ million	Q1 2012	Q1 2011	Change in %
Sales	1,194.3	1,291.7	–7.5
Gross profit from sales	215.4	399.2	–46.0
Selling, R&D and general administrative expenses	–141.9	–138.6	2.4
Other operating income and expenses	11.8	–8.6	n.a.
Operating result	85.3	252.0	–66.2
Result from investments in joint ventures and associates	–2.9	–6.1	–52.5
EBIT	82.4	245.9	–66.5
Financial result	–13.7	–7.9	73.4
Income before taxes	68.7	238.0	–71.1
Income taxes	–28.7	–70.0	–59.0
Net income	40.0	168.0	–76.2
Of which			
Attributable to Wacker Chemie AG shareholders	41.5	168.3	–75.3
Attributable to non-controlling interests	–1.5	–0.3	>100
Earnings per share (basic/diluted) (€)	0.84	3.39	–75.2
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–
Reconciliation to EBITDA			
EBIT	82.4	245.9	–66.5
Write-downs/write-ups of noncurrent assets	129.4	105.1	23.1
EBITDA	211.8	351.0	–39.7

Economic weakness at the end of the final quarter of 2011 and polysilicon-market trends continued to affect the first quarter of 2012. As expected, sales and earnings did not match the high prior-year level. However, both showed an improvement on the Q4 2011 figures.

Sales of €1.19 Billion Nearly 8 Percent Down on Previous Year

Compared to Q4 2011 (€1,011.6 million), WACKER substantially increased its first-quarter sales, which came in at €1,194.3 million – an increase of 18 percent. However, the figure was almost 8 percent down on the prior-year period (€1,291.7 million). The individual divisions experienced mixed demand trends in Q1 2012 compared to the year-earlier quarter. WACKER POLYMERS, in particular, posted a substantial rise in overall sales thanks to high demand. Sales for the division rose by 14 percent to €233.8 million (Q1 2011: €205.4 million). Sales for WACKER SILICONES reached €401.0 million, almost on a par with the prior-year figure (€410.5 million). At Siltronic, sales totaled €201.1 million – down 28 percent on Q1 2011 (€280.2 million). Nevertheless, volumes recovered slightly compared to Q4 2011. At WACKER POLYSILICON, sales dropped despite high volumes. At €366.6 million, first-quarter sales were down close to 12 percent against Q1 2011

(€414.4 million). Compared with the preceding quarter's €255.9 million, though, this already marked an improvement. Polysilicon prices, however, were well below the level of the prior-year quarter.

EBITDA Reaches €212 Million in Q1

In Q1 2012, EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to €211.8 million (Q1 2011: €351.0 million). This decrease of €139.2 million was mainly attributable to narrowing profit margins for polysilicon business.
At €82.4 million, EBIT (earnings before interest and taxes) for the quarter under review were likewise down on the previous year's figure (Q1 2011: €245.9 million). Q1 2012 saw depreciation climb to €129.4 million (Q1 2011: €105.1 million). There are two reasons for this 23-percent increase. First, WACKER started up a new polysilicon plant at Nünchritz in the fourth quarter of 2011. Second, in view of the altered market situation, WACKER shortened the useful lives of polysilicon-plant infrastructure and technical facilities. Special effects increased EBITDA and EBIT by around €37 million, because WACKER collected advance payments and damages, resulting from the termination of agreements with polysilicon customers. Siltronic is closing 150 mm wafer production at Portland in Q3 2012. As a result, there were closure costs of €14.8 million.

10-Percent Rise in Cost of Goods Sold

Gross profit from sales fell €183.8 million to €215.4 million, down 46 percent. Due to the 10-percent increase in the cost of goods sold, the gross margin decreased from the previous year's 31 percent to 18 percent. Lower year-on-year polysilicon prices, combined with volume growth, lay behind this trend.

The cost of goods sold rose considerably in Q1 2012, amounting to €978.9 million (Q1 2011: €892.5 million). Higher polysilicon volumes were one of the main factors here. The increased depreciation on the polysilicon facilities also pushed up the cost of goods sold. In contrast, average capacity utilization at all our production facilities was good during the quarter, resulting in high fixed-cost coverage. Raw-material costs increased against the first quarter of 2011, because a year ago raw materials purchased at favorable prices in 2010 were still being used up in some cases.

Functional Costs

Other functional costs (selling, R&D and general administrative expenses) reached €141.9 million in the first quarter of 2012, and were therefore slightly above the previous year (Q1 2011: €138.6 million).

Other Operating Income and Expenses

The first-quarter balance of other operating income and expenses was €11.8 million (Q1 2011: €–8.6 million). The Group posted a net exchange-rate gain of €2.2 million. Sundry operating income and expenses include around €37 million collected in the form of advance payments and damages from terminated polysilicon agreements. Conversely, this line item was reduced, for example, by €14.8 million in restructuring costs, mainly associated with the planned closure of 150 mm wafer production at Portland.

Operating Result

Due to the effects mentioned, the first-quarter operating result fell by 66 percent to €85.3 million (Q1 2011: €252.0 million).

Result from Investments in Joint Ventures and Associates

The result from investments in joint ventures and associates totaled €–2.9 million in the quarter under review (Q1 2011: €–6.1 million). The loss stems mainly from high depreciation for the 300 mm wafer manufacturing joint venture with Samsung.

Financial Result

At €–13.7 million, WACKER's financial result for the first quarter of 2012 was €5.8 million down on one year ago (€–7.9 million). Compared with the prior-year quarter, this figure reflects the higher interest expenses for financial debt, due to the increased volume of bank loans raised. WACKER had accessed the second installment of an investment loan totaling €200 million in the previous quarter. This prompted a rise in interest expenses for Q1 2012 to €4.6 million (Q1 2011: €2.3 million). Capitalized construction-related borrowing costs of €3.8 million reduced the interest expenses compared with Q1 2011 (€2.8 million). Interest income fell marginally to €3.9 million (Q1 2011: € 4.4 million). The other financial result of €–13.0 million (Q1 2011: €–10.0 million) comprises primarily interest expenses for interest-bearing elements of pension and other noncurrent provisions.

Income Taxes

Income taxes of €28.7 million consist primarily of current tax expenses. The figure for the prior-year quarter was €70.0 million. The Q1 2012 tax rate was 41.8 percent (Q1 2011: 29.4 percent). The high income tax expense compared to the Group's pre-tax result is attributable to losses at international subsidiaries, non-tax-deductible expenses, and losses at companies accounted for using the equity method. Deferred tax assets on losses are only recognized in certain cases where they are expected to be realizable.

Net Income

The effects described above led to net income of €40.0 million, which was well down on the Q1 2011 total of €168.0 million.

Condensed Statement of Financial Position – Net Assets

As of March 31, 2012

T 2.3 Assets

€ million	March 31, 2012	March 31, 2011	Change in %	Dec. 31, 2011	Change in %
Intangible assets, property, plant and equipment, and investment property	3,562.8	3,058.0	16.5	3,532.2	0.9
Investments in joint ventures and associates accounted for using the equity method	119.7	101.9	17.5	124.5	−3.9
Other noncurrent assets	356.3	421.8	−15.5	339.3	5.0
Noncurrent assets	4,038.8	3,581.7	12.8	3,996.0	1.1
Inventories	685.6	583.7	17.5	713.7	−3.9
Trade receivables	685.4	645.2	6.2	566.1	21.1
Other current assets	1,187.0	1,122.3	5.8	961.2	23.5
Current assets	2,558.0	2,351.2	8.8	2,241.0	14.1
Total assets	6,596.8	5,932.9	11.2	6,237.0	5.8

T 2.4 Equity and Liabilities

€ million	March 31, 2012	March 31, 2011	Change in %	Dec. 31, 2011	Change in %
Equity	2,668.0	2,617.9	1.9	2,629.7	1.5
Noncurrent provisions	789.0	733.0	7.6	782.3	0.9
Financial liabilities	950.9	457.4	>100	662.1	43.6
Other noncurrent liabilities	990.0	1,095.3	−9.6	1,041.6	−5.0
of which advance payments received	957.4	1,042.2	−8.1	1,000.9	−4.3
Noncurrent liabilities	2,729.9	2,285.7	19.4	2,486.0	9.8
Financial liabilities	146.4	84.5	73.3	115.8	26.4
Trade payables	375.6	328.0	14.5	402.6	−6.7
Other current provisions and liabilities	676.9	616.8	9.7	602.9	12.3
Current liabilities	1,198.9	1,029.3	16.5	1,121.3	6.9
Liabilities	3,928.8	3,315.0	18.5	3,607.3	8.9
Total equity and liabilities	6,596.8	5,932.9	11.2	6,237.0	5.8

Total assets rose to €6.6 billion, compared to €6.2 billion as of December 31, 2011 – a drop of 6 percent or €359.8 million. The change results mainly from increased liquidity and higher financial debt. In February 2012, WACKER successfully placed four promissory notes (German Schuldscheine) totaling €300 million on the market, as part of its multi-year financing strategy. Operationally speaking, trade receivables were the main item to increase as a result of the higher sales volume compared with Q4 2011. Foreign currency translation effects reduced total assets by €41.7 million.

Noncurrent Assets

In the period under review, noncurrent assets moved up only slightly to €4.04 billion (Dec. 31, 2011: €4.00 billion), an increase of €42.8 million. As of March 31, 2012, this asset category accounted for 61 percent of total assets (Dec. 31, 2011: 64 percent). Property, plant and equipment were influenced by two opposing effects. Intangible assets, property, plant and equipment and investment property grew by €30.6 million. Investments, especially in construction of the polysilicon site in Charleston (Tennessee, USA), increased property, plant and equipment by €185.9 million. Conversely, depreciation reduced property, plant and equipment by €127.2 million (Q1 2011: €102.5 million). There are two reasons for the increased depreciation. First, in view of the altered market situation, WACKER shortened the useful lives of polysilicon-plant infrastructure and technical facilities. Second, the Nünchritz polysilicon facilities came on stream. Exchange-rate effects lowered property, plant and equipment by €25.1 million.

Investments in associates accounted for using the equity method fell from €124.5 million to €119.7 million. This 4-percent decrease was due to current losses and negative exchange-rate effects.

Other noncurrent assets of €356.3 million (Dec. 31, 2011: €339.3 million) comprise mainly securities with terms of more than twelve months totaling €170.5 million (Dec. 31, 2011: €162.5 million) and loans to joint ventures and associates of €131.3 million (Dec. 31, 2011: €130.0 million). Other noncurrent assets also include noncurrent derivative financial instruments, noncurrent tax assets, and deferred tax assets.

Current Assets

Current assets increased by 14 percent, rising €317.0 million to €2.56 billion (Dec. 31, 2011: €2.24 billion). Their share of total assets at the balance sheet date was 39 percent (Dec. 31, 2011: 36 percent). This trend mainly stemmed from higher trade receivables, and cash and cash equivalents. The increased sales volume brought the high year-end level of inventories down from €713.7 million (as of December 31, 2011) to €685.6 million. There was a marked rise in trade receivables in the period under review. Higher sales than in Q4 2011 drove this item up to €685.4 million (Dec. 31, 2011: €566.1 million), a rise of 21 percent. Inventories and trade receivables combined represent 21 percent of total assets (Dec. 31, 2011: 21 percent).

Other current assets, which are dominated by current securities, as well as cash and cash equivalents, rose from €961.2 million to €1.19 billion. In the period under review, WACKER held current securities of €220.4 million (Dec. 31, 2011: €237.2 million). These liquid reserves will be available for use in long-term investment projects. Cash and cash equivalents amounted to €725.5 million at the end of the quarter. This represents an increase of €251.6 million compared to December 31, 2011 because WACKER accrued funds of €300 million in February 2012 from the issue of promissory notes (German Schuldscheine). Other current assets also include tax assets of €87.4 million (Dec. 31, 2011: €117.3 million), investment-grant receivables of €39.6 million (Dec. 31, 2011: €38.1 million) and derivatives for foreign exchange hedging of €18.6 million (Dec. 31, 2011: €16.9 million). Other current assets represented 18 percent of total assets (Dec. 31, 2011: 15 percent).

Slight Increase in Equity

Group equity was up as against December 31, 2011. It reached €2.67 billion at the end of the quarter (Dec. 31, 2011: €2.63 billion). As a result, the equity ratio was 40.4 percent (Dec. 31, 2011: 42.2 percent). This was below the 2011 year-end figure because of the rise in total assets. The net income of €40.0 million added to equity. The other equity components remained virtually constant compared with the end of the previous fiscal year.

Noncurrent Liabilities

Compared with the end of fiscal 2011, noncurrent liabilities grew by €243.9 million to €2.73 billion – an increase of 10 percent. Noncurrent liabilities now account for 41 percent of total equity and liabilities (Dec. 31, 2011: 40 percent). Pension obligations were increased by ongoing additions to €537.7 million (Dec. 31, 2011: €527.1 million). Overall, noncurrent provisions remained almost unchanged from December 31, 2011. Provisions for early retirement programs were reduced.

Noncurrent financial liabilities rose to €950.9 million (Dec. 31, 2011: €662.1 million). On February 23, 2012, WACKER issued four promissory notes (German Schuldscheine) totaling €300 million, as part of its multiyear financing strategy. They have terms of three and five years. The financing measures concluded contain standard market credit terms.

Other noncurrent liabilities fell by 5 percent to €990.0 million, as of the end of the quarter. In particular, noncurrent advance payments received for polysilicon deliveries went down from €1.00 billion to €957.4 million. They now represent 15 percent of total equity and liabilities.

Current Liabilities

Current liabilities rose 7 percent to €1.20 billion (Dec. 31, 2011: €1.12 billion). Their share of total equity and liabilities was unchanged at 18 percent. Trade payables declined 7 percent to €375.6 million (Dec. 31, 2011: €402.6 million). Current provisions and liabilities rose to €676.9 million (Dec. 31, 2011: €602.9 million) – up 12 percent. The main developments driving this trend were not only the scheduled first-quarter rise in other liabilities for variable compensation, and vacation and flextime credits, of €32.8 million, but also the higher tax provisions and provisions for the closure of 150 mm wafer production at Siltronic's Portland site. Current advance payments received rose as a result of reclassifications from the noncurrent category. In contrast, derivatives for foreign exchange hedging fell.

WACKER Posts Net Financial Receivables

Current financial liabilities rose by €30.6 million to €146.4 billion. The loans raised are for financing new investment projects at Chinese subsidiaries. Compared with the end of 2011, WACKER's overall financial liabilities grew by €319.4 million to €1.10 billion. The above-mentioned promissory notes (German Schuldscheine) and newly raised loans in China account for this 41-percent rise. Current liquidity (current securities, cash and cash equivalents) showed a substantial increase on the 2011 year-end position, as a result of the addition of liquidity from the loans. As of the reporting date, this item amounted to €945.9 million (Dec. 31, 2011: €711.1 million). In addition, noncurrent securities totaling €170.5 million (Dec. 31, 2011: €162.5 million) are available. As of March 31, 2012, WACKER has net financial receivables (the balance of gross financial debt and noncurrent and current liquidity) of €19.1 million (Dec. 31, 2011: €95.7 million).

Off-Balance-Sheet Financing Instruments

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

For additional information, please see page 84 of the 2011 Annual Report.

Condensed Statement of Cash Flows – Financial Position

January 1 through March 31, 2012

T 2.5 Condensed Statement of Cash Flows

€ million	Q1 2012	Q1 2011	Change in %
Net income for the period	40.0	168.0	–76.2
Write-downs/write-ups of noncurrent assets	129.4	105.1	23.1
Changes in inventories	19.1	–66.0	n.a.
Changes in trade receivables	–134.3	–61.8	>100
Changes in other assets	9.3	–2.0	n.a.
Changes in advance payments made and received	–33.0	187.1	n.a.
Non-cash changes from equity accounting	3.0	6.1	–50.8
Other non-cash expenses, income and other items	132.9	113.5	17.1
Cash flow from operating activities (gross cash flow)	166.4	450.0	–63.0
Payments for investments	–247.5	–162.3	52.5
Cash flow from noncurrent investment activities before securities	–247.5	–162.3	52.5
Acquisition/disposal of securities	5.1	–98.4	n.a.
Cash flow from investment activities	–242.4	–260.7	–7.0
Changes in financial liabilities	328.5	19.5	>100
Cash flow from financing activities	328.5	19.5	>100
Changes due to exchange-rate fluctuations	–0.9	–3.2	–71.9
Changes in cash and cash equivalents	251.6	205.6	22.4
At the beginning of the period	473.9	545.2	–13.1
At the end of the period	725.5	750.8	–3.4

T 2.6 Net Cash Flow[1]

€ million	Q1 2012	Q1 2011	Change in %
Cash flow from operating activities (gross cash flow)	166.4	450.0	–63.0
Changes in advance payments received from polysilicon agreements	39.6	–188.8	n.a.
Cash flow from noncurrent investment activities before securities	–247.5	–162.3	52.5
Additions from finance leases	–	–1.4	–100.0
Net cash flow	–41.5	97.5	n.a.

[1] Excluding changes in advance payments received for polysilicon, including additions from finance leases

The operations of the Group companies and the resultant incoming payments are WACKER's key source of liquidity. The Group has the long-term goal of financing its investments substantially from its own cash flow. For strategic reasons, WACKER's high current level of investment activity has prompted it to optimize its financing strategy through long-term credit facilities.

Gross Cash Flow

The cash flow from operating activities (gross cash flow) totaled €166.4 million in the quarter under review (Q1 2011: €450.0 million). The reasons for the year-on-year decline are the much lower net income of €40.0 million (Q1 2011: €168.0 million) and lower advance payments received for polysilicon deliveries. As expected, the balance of advance payments received and made changed from €187.1 million in the first quarter of 2011 to €–33.0 million in the quarter under review. In Q1 2012, depreciation of €129.4 million (Q1 2011: €105.1 million) had a positive effect on gross cash flow. In contrast, changes in working capital reduced this item by €75.7 million. Increased trade receivables in particular led to a rise in tied-up liquidity.

Cash Flow from Investment Activities

Cash flow from long-term investment activities in Q1 2012 mirrored the pattern of recent quarters as a result of the Group's high level of activity for the expansion of its production facilities. Payments for investments amounted to €247.5 million in the period under review (Q1 2011: €162.3 million). The construction of the polysilicon site in Charleston (Tennessee, USA) accounted for most of this sum.

Cash flow from investment activities for the period January through March 2012 came to €242.4 million (Q1 2011: €260.7 million). Alongside fixed-asset investments, it includes payments received and made for securities with a term of more than three months. Due securities led to incoming payments in the period under review.

Net Cash Flow

In connection with the refinement of its internal value-management system, WACKER has redefined net cash flow. The Group is thus adopting the approach used by financial analysts of regarding the change in advance payments received from polysilicon agreements as a form of financing. Net cash flow now comprises cash flow from operating activities (excluding advance payments received from polysilicon agreements) and cash flow from long-term investment activity (excluding securities), taking account of additions from finance leases. The figure for Q1 2012 was €–41.5 million. This compares with an adjusted figure for Q1 2011 of €97.5 million.

Cash Flow from Financing Activities

First-quarter cash flow from financing activities came in at €328.5 million, compared with the prior-year period's €19.5 million. The change essentially reflects the cash inflow from the newly issued promissory notes (German Schuldscheine). The increase in cash and cash equivalents compared to December 31, 2011 was €251.6 million (Q1 2011: €205.6 million), taking the total to €725.5 million.

Division Results

January 1 through March 31, 2012

T 2.7 Sales

€ million	Q1 2012	Q1 2011	Change in %
WACKER SILICONES	401.0	410.5	–2.3
WACKER POLYMERS	233.8	205.4	13.8
WACKER BIOSOLUTIONS	41.2	37.7	9.3
WACKER POLYSILICON	366.6	414.4	–11.5
SILTRONIC	201.1	280.2	–28.2
Corporate functions/Other	42.8	38.5	11.2
Consolidation	–92.2	–95.0	–2.9
Group sales	1,194.3	1,291.7	–7.5

T 2.8 EBIT

€ million	Q1 2012	Q1 2011	Change in %
WACKER SILICONES	29.1	56.8	–48.8
WACKER POLYMERS	24.9	17.1	45.6
WACKER BIOSOLUTIONS	6.3	3.6	75.0
WACKER POLYSILICON	95.3	177.6	–46.3
SILTRONIC	–49.1	14.7	n.a.
Corporate functions/Other	–23.7	–22.5	5.3
Consolidation	–0.4	–1.4	–71.4
Group EBIT	82.4	245.9	–66.5

T 2.9 EBITDA

€ million	Q1 2012	Q1 2011	Change in %
WACKER SILICONES	49.4	75.1	–34.2
WACKER POLYMERS	34.1	26.0	31.2
WACKER BIOSOLUTIONS	7.9	5.2	51.9
WACKER POLYSILICON	150.1	214.7	–30.1
SILTRONIC	–25.7	36.8	n.a.
Corporate functions/Other	–3.6	–5.4	–33.3
Consolidation	–0.4	–1.4	–71.4
Group EBITDA	211.8	351.0	–39.7

T 2.10 Reconciliation with Segment Results

€ million	Q1 2012	Q1 2011	Change in %
EBIT of reporting segments	106.5	269.8	–60.5
Corporate functions/Other	–23.7	–22.5	5.3
Consolidation	–0.4	–1.4	–71.4
Group EBIT	82.4	245.9	–66.5
Financial result	–13.7	–7.9	73.4
Income before taxes	68.7	238.0	–71.1

WACKER SILICONES

T 2.11 WACKER SILICONES

€ million	Q1 2012	Q1 2011	Change in %
Sales			
External sales	397.0	407.3	−2.5
Internal sales	4.0	3.2	25.0
Total sales	401.0	410.5	−2.3
EBIT	29.1	56.8	−48.8
EBIT margin (%)	7.3	13.8	–
Write-downs	20.3	18.3	10.9
EBITDA	49.4	75.1	−34.2
EBITDA margin (%)	12.3	18.3	–
Investments	14.2	18.9	−24.9

As of	March 31, 2012	Dec. 31, 2011	Change in %
Number of employees	3,919	3,956	−0.9

WACKER SILICONES generated total sales of €401.0 million in the first quarter of 2012, compared with €410.5 million a year earlier. Thus, the division did not quite match (–2 percent) the prior-year quarter's very high level. This was mainly due to a slight drop in year-on-year volumes in Europe and to lower prices. Compared with the previous quarter (€357.0 million), revenue rose 12 percent.

In Q1 2012, customer demand developed well for silicones used in body-care products, automotive applications, solar and medical technology, and paper coating. Pyrogenic-silica volumes, too, accelerated noticeably toward the end of the quarter. Silicone business for the cable and textile industries was more subdued. WACKER SILICONES' production facilities achieved capacity utilization in excess of 80 percent in January through March 2012. Incoming orders were on the rise, spurring plant utilization during the quarter. The division reported sales growth in the Americas, Southeast Asia and India for Q1 2012. In the remaining regions, sales were slightly down on the prior-year level.

The division's EBITDA (earnings before interest, taxes, depreciation and amortization) for January through March 2012 mainly reflected the influence of two factors when compared with Q1 2011. The prices commanded by the division's products were lower, and fixed-cost coverage was not quite as high as in Q1 2011, due to slightly lower capacity utilization than in the prior-year period. At €49.4 million, EBITDA for Q1 2012 was down 34 percent on the prior-year figure (€75.1 million), but many times higher than in the previous quarter (€5.7 million). The first-quarter EBITDA margin reached 12.3 percent (Q1 2011: 18.3 percent).

WACKER SILICONES invested €14.2 million in the quarter under review, 25 percent less than a year earlier (€18.9 million). Investments focused on increasing capacity in selected production plants.

WACKER SILICONES had 3,919 employees as of March 31, 2012 (December 31, 2011: 3,956).

WACKER POLYMERS

T 2.12 WACKER POLYMERS

€ million	Q1 2012	Q1 2011	Change in %
Sales			
External sales	225.8	199.3	13.3
Internal sales	8.0	6.1	31.1
Total sales	233.8	205.4	13.8
EBIT	24.9	17.1	45.6
EBIT margin (%)	10.7	8.3	–
Write-downs	9.2	8.9	3.4
EBITDA	34.1	26.0	31.2
EBITDA margin (%)	14.6	12.7	–
Investments	11.4	3.6	>100
As of	March 31, 2012	Dec. 31, 2011	Change in %
Number of employees	1,367	1,412	–3.2

In January through March 2012, WACKER POLYMERS benefited from a robust market environment and continuing high customer demand, especially for dispersions. Total sales climbed 14 percent to €233.8 million, compared with €205.4 million in Q1 2011. Influenced by seasonal effects, sales were almost 9 percent up on the preceding quarter (€215.1 million). Revenue growth was driven by both higher volumes and higher prices.

WACKER POLYMERS increased sales in all regions compared with the prior-year quarter. Growth was especially robust in the Americas, where the division benefited from the substitution of styrene butadiene by ethylene-based dispersions in the packaging and carpeting sectors. The division's production capacities achieved utilization levels of around 80 percent worldwide in the first quarter of 2012.

Good fixed-cost coverage – coupled with the higher prices that its products were able to command – lifted WACKER POLYMERS' profitability. On the other hand, the increased cost of raw materials such as vinyl acetate monomer and ethylene held back the division's earnings. Overall, WACKER POLYMERS posted EBITDA of €34.1 million for the three months of January through March 2012 – a rise of around 31 percent on the prior-year period (€26.0 million). The first-quarter EBITDA margin climbed to 14.6 percent (Q1 2011: 12.7 percent).

WACKER POLYMERS invested €11.4 million in the first quarter of 2011 (Q1 2011: €3.6 million). Investments focused mainly on increasing the capacity of existing production facilities. To tap into the demand growth expected for dispersions in Asia, WACKER POLYMERS is stepping up its production capacities at Nanjing. Its existing facilities there for vinyl acetate-ethylene copolymer dispersions are being expanded by a new reactor with an annual capacity of 60,000 metric tons. It will double Nanjing's capacity for dispersions to around 120,000 metric tons per year. The new reactor is expected to come on stream in mid-2013. Nanjing supplies dispersions mainly to the construction, packaging and adhesives industries.

WACKER POLYMERS had 1,367 employees as of March 31, 2012 (December 31, 2011: 1,412).

WACKER BIOSOLUTIONS

T 2.13 WACKER BIOSOLUTIONS

€ million	Q1 2012	Q1 2011	Change in %
Sales			
External sales	39.9	35.2	13.4
Internal sales	1.3	2.5	–48.0
Total sales	41.2	37.7	9.3
EBIT	6.3	3.6	75.0
EBIT margin (%)	15.3	9.5	–
Write-downs	1.6	1.6	–
EBITDA	7.9	5.2	51.9
EBITDA margin (%)	19.2	13.8	–
Investments	2.9	0.5	>100
As of	March 31, 2012	Dec. 31, 2011	Change in %
Number of employees	348	354	–1.7

WACKER BIOSOLUTIONS' first-quarter sales totaled €41.2 million (Q1 2011: €37.7 million). Every product group contributed to this 9-percent increase. Demand for cysteine and cyclodextrins was good, volumes for acetylacetone held steady, and the prices of polymers used in gumbase were slightly higher than in the same period last year. Sales rose 22 percent compared with Q4 2011 (€33.7 million).

The division's EBITDA also increased against last year's first and final quarters. EBITDA climbed to €7.9 million in the first quarter of 2012 (Q1 2011: €5.2 million). The corresponding EBITDA margin was 19.2 percent (Q1 2011: 13.8 percent).

WACKER BIOSOLUTIONS invested €2.9 million in the first quarter of 2012 (Q1 2011: €0.5 million). At the Nanjing site in China, the division is currently building a new production plant for polyvinyl acetate solid resins, which are used, for example, in gumbase. The plant, which will have an annual capacity of 20,000 metric tons, is scheduled to come on stream early next year. In the quarter under review, WACKER BIOSOLUTIONS already signed an agreement to supply a major customer with products from the Nanjing plant.

The number of employees at WACKER BIOSOLUTIONS was 348 as of March 31, 2012 (December 31, 2011: 354).

WACKER POLYSILICON

T 2.14 WACKER POLYSILICON

€ million	Q1 2012	Q1 2011	Change in %
Sales			
External sales	316.6	356.1	–11.1
Internal sales	50.0	58.3	–14.2
Total sales	366.6	414.4	–11.5
EBIT	95.3	177.6	–46.3
EBIT margin (%)	26.0	42.9	–
Write-downs	54.8	37.1	47.7
EBITDA	150.1	214.7	–30.1
EBITDA margin (%)	40.9	51.8	–
Investments	130.1	78.2	66.4
As of	March 31, 2012	Dec. 31, 2011	Change in %
Number of employees	2,269	2,251	0.8

WACKER POLYSILICON posted total sales of €366.6 million in Q1 2012, as against €414.4 million in Q1 2011 – a decrease of almost 12 percent. However, the selling prices of hyperpure polysilicon fell much more considerably during the same period. The division has been supplying its contract customers with additional quantities. In this way, it compensated somewhat for the price-driven decline by pushing up volumes. WACKER POLYSILICON sold almost 50 percent more hyperpure polysilicon in Q1 2012 than in the corresponding prior-year period. The additional volumes stemmed mainly from the new facilities in Nünchritz and from a reduction in inventories. Compared to Q4 2011 (€255.9 million), sales were up 43 percent in the first quarter of 2012. WACKER POLYSILICON is currently running all its production facilities at full capacity in order to meet its customers' demand for polysilicon.

The price decline in polysilicon for the solar industry, which takes around 90 percent of WACKER POLYSILICON's volume, has had a major impact on the division's profitability. WACKER POLYSILICON's first-quarter EBITDA (earnings before interest, taxes, depreciation and amortization) reached €150.1 million (Q1 2012: €214.7 million), down 30 percent year on year. Measured against Q4 2011 (€165.0 million), EBITDA was down by 9 percent. The EBITDA margin for WACKER POLYSILICON reached 40.9 percent in the quarter under review (Q1 2011: 51.8 percent). It is important to remember that the figures both for the quarter under review and for the final quarter of 2011 include special income from advance payments and damages from customers withdrawing from the solar business. Such income amounted to around €37 million in the first quarter of 2012, and to around €66 million in Q4 2011.

Oversupply and price pressure in the solar sector have caused substantial polysilicon production capacity to disappear from the market in recent months. Analysts estimate the drop at 60,000 metric tons annually, and the trend is likely to continue. Shutdowns have mainly involved smaller manufacturers whose cost structures are no longer competitive. This market consolidation contributes to rebalancing supply and demand. The high inventory levels that were built up in the photovoltaic supply chain in the latter half of 2011 have now largely been adjusted. This positively impacts WACKER POLYSILICON customers' ordering patterns. In the period under review, the division received advance payments for future polysilicon deliveries of nearly €30 million.

WACKER POLYSILICON's capital expenditures in the first quarter of 2012 amounted to €130.1 million (Q1 2011: €78.2 million). The bulk of investment spending was for the ongoing construction of the new production site in Charleston (Tennessee, USA). The construction project remained on track in the first quarter and the buildings are rapidly taking shape. The new plant is due for completion by the end of 2013. Production will then start to be ramped up. The plant's annual nominal capacity is scheduled to reach 18,000 metric tons. This major project represents an investment volume of $1.8 billion. At Nünchritz, the new polysilicon plant has now been largely ramped up. Its full nominal capacity of 15,000 metric tons annually will be available within a few weeks.

WACKER POLYSILICON's new and expanded production capacities mean employee numbers are steadily rising. The division had 2,269 employees as of March 31, 2012 (December 31, 2011: 2,251).

SILTRONIC

T 2.15 SILTRONIC

€ million	Q1 2012	Q1 2011	Change in %
Sales			
External sales	199.2	278.9	–28.6
Internal sales	1.9	1.3	46.2
Total sales	201.1	280.2	–28.2
EBIT	–49.1	14.7	n.a.
EBIT margin (%)	–24.4	5.2	–
Write-downs	23.4	22.1	5.9
EBITDA	–25.7	36.8	n.a.
EBITDA margin (%)	–12.8	13.1	–
Investments	16.4	17.6	–6.8
As of	March 31, 2012	Dec. 31, 2011	Change in %
Number of employees	4,921	4,974	–1.1

Siltronic achieved total sales of €201.1 million in Q1 2012, 28 percent down on the prior-year quarter's €280.2 million. This drop was mainly due to the lower volumes sold, although weaker prices also played a role. Compared to Q4 2011 (€179.7 million), however, sales were up by around 12 percent.

Demand and volumes for all wafer diameters picked up noticeably in the course of Q1 2012, with 300 mm wafers posting the strongest growth. Siltronic's capacity utilization also improved, as a result. The level at the end of the period under review was around 70 percent. The Siltronic Samsung Wafer joint venture, which makes 300 mm diameter silicon wafers, operated at close to full capacity during Q1 2012.

Siltronic's first-quarter EBITDA (earnings before interest, taxes, depreciation and amortization) came in at €–25.7 million (Q1 2011: €36.8 million). This fall of just under €63 million mainly stemmed from the weaker market prices for silicon wafers and the poorer fixed-cost coverage due to lower year-on-year production capacity utilization. Non-recurring expenses – incurred mainly in connection with the forthcoming closure of Portland's 150 mm wafer line – reduced Q1 2012's EBITDA by around €15 million. The EBITDA margin for the quarter under review was –12.8 percent, compared with 13.1 percent in Q1 2011 and –32.6 percent in Q4 2011.

To improve its cost position and therefore its profitability, Siltronic is adapting its production capacities for wafer diameters below 300 mm to a permanently lower level of demand. Production of 150 mm wafers at Portland (USA) is to stop in fall 2012. At Burghausen (Germany), too, production capacities for 150 mm wafers will be consolidated and optimized in the course of the year. In December 2011, Siltronic had already announced plans to consolidate its capacities for 200 mm wafers at Singapore and

Portland (USA) and, in consequence, close down production at Hikari (Japan) by mid-2012.

Siltronic invested €16.4 million in the first quarter of 2012 (Q1 2011 €17.6 million). The focus was on upgrading wafer production to keep pace with technological progress in the semiconductor industry.

As of March 31, 2012, Siltronic had 4,921 employees (December 31, 2011: 4,974).

Other

Sales for activities posted under "Other" came in at €42.8 million in the period under review (Q1 2011: €38.5 million). "Other" EBITDA for Q1 2012 was €–3.6 million (Q1 2011: €–5.4 million).

As of March 31, 2012, the "Other" segment had 4,342 employees, compared with 4,221 on December 31, 2011. They include, for example, site management and infrastructure-unit employees at Burghausen and Nünchritz (Germany).

Risks and Opportunities

The WACKER Group Holds a Steady Course Amid a Challenging Market and Industry Environment

Risk management is an integral part of corporate management at WACKER. As a globally active specialty-chemical and semiconductor company, WACKER is exposed to numerous risks directly attributable to our operational activities. Taking a defined risk strategy as their basis, the Executive Board and management focus on identifying, evaluating, managing and monitoring risks as part of a transparent risk management and control system for all company processes. All corporate areas are actively integrated into this system.

The uncertainties for the global economy's future development have not gone away in 2012. Financial policy decisions and measures to tackle the financial crisis and sovereign debt in Europe have helped to reassure markets to some degree. Nevertheless, the future economic trend will depend crucially on whether and to what extent political decisions can promote long-term confidence in the stability of national budgets and financial systems. The general economic environment will fundamentally remain challenging, especially in the first half of 2012. During the rest of the year, analysts expect to see a slight revival in global demand and output.

WACKER monitors economic developments in all major sales markets regularly and thoroughly. If there are clear signs of weakening volumes and demand, we swiftly act to flexibly adjust production capacities, resources and inventories, as needed. We adopt a similar response to significant price and volume pressures on our products. WACKER addresses this risk by actively managing production volumes and capacity utilization, and through structured price management and process optimizations.

We respond to structural market change, for example in the semiconductor sector, by the forward-looking reorganization and optimization of our worldwide production resources. Long term, we install new capacities wherever we are able to discern lasting opportunities for growth.

With regard to Siltronic's business development, we expect 300 mm wafer demand to rise, 200 mm volumes to remain stable, and demand for smaller diameters to continue falling. Our decision to consolidate production capacities for wafers below 300 mm in diameter reflects this trend. We anticipate continuing price pressure in all wafer segments for the time being.

WACKER POLYSILICON addresses potential volume risks and increased price competition for solar silicon by managing its production facilities flexibly. During the period under review, this division raised production output to full capacity, in line with customer demand. The German government is currently planning further cuts in the feed-in tariff for solar power and aims to limit newly installed photovoltaic capacity. This could squeeze demand for solar systems in Germany later on in the year. In contrast, the continuing decline in the prices of photovoltaic systems is enhancing the competitiveness and appeal of solar power within the energy mix. Additionally, this creates opportunities for strong growth for the use of photovoltaics in non-European countries with high-growth potential. WACKER is a cost and quality leader in polysilicon manufacturing. So, despite the possibility of short-term market distortions due to the ongoing consolidation process, WACKER believes it is in a good position to capitalize on this trend in the medium and long term.

Key factors influencing WACKER's profitability remain price trends for raw materials and energy, and the euro-dollar exchange rate. With regard to raw-material and energy prices, we estimate that the phase of substantial increases is over for now, and that the situation on procurement markets will return to normal. Where it is not possible to recoup the high costs of raw materials and energy through volume growth or efficiency improvements, WACKER attempts to increase the market prices of its products, as far as the competitive situation and customer contracts allow.

Furthermore, the euro-US dollar exchange rate has stabilized for the time being. In addition, WACKER hedges part of its business conducted in US dollars, Japanese yen and Singapore dollars. Consequently, we do not expect any substantial deviation from sales and earnings targets due to negative exchange-rate effects.

Evaluation of Overall Risk

The specific risks facing individual divisions, corporate functions, market segments and sales regions, our assessment of their probability and the measures we take to counter these risks are described in detail in the Risk Report section of our current Annual Report 2011, on pages 129 to 143. The assessments we made there did not change substantially in the period under review.

The overall risk situation has intensified since 2011 due to global economic uncertainty. On the whole, however, WACKER's Executive Board and management do not currently discern any individual or aggregate risks that could substantially endanger the Group as a going concern. We believe we are still well positioned operationally, strategically and financially to seize any opportunities for safeguarding our growth and further enhancing our competitiveness.

Munich, May 4, 2012
Wacker Chemie AG's Executive Board

Events after the Balance Sheet Date of March 31, 2012

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

Outlook and Forecast

Overall and Sector-Specific Economic Framework

The Global Economic Recovery Continues – the Financial Risks Remain

The global economy appears to have overcome the weak phase of the second half of 2011. Initial signs of a recovery have been emerging since the start of 2012, and economists believe the trend will gain momentum in the second half of the year, even if marked regional differences are likely. The risks, which stem essentially from Europe's financial and sovereign-debt crisis, have not gone away, though capital markets appear calmer for the time being. Consequently, politicians, both nationally and internationally, must continue to prioritize decisions that will bolster confidence in financial markets and systems, rectify financial imbalances, promote growth, and stimulate domestic demand in individual countries.

The International Monetary Fund (IMF) expects the world economy to grow by 3.3 percent in 2012 and 3.9 percent in 2013. While advanced economies will support growth with only a 1.2-percent increase in their GDP in 2012 and with 1.9 percent in 2013, the developing and emerging countries will drive global growth by 5.4 percent this year and by 5.9 percent in the next.[1]

Asia's major economies lead the way. The Chinese economy remains buoyant, even if growth is down slightly. The IMF forecasts that the People's Republic of China will generate GDP growth of 8.2 percent in 2012 and 8.8 percent in 2013. India is set for growth of 7.0 percent this year and 7.3 percent next year. Japan will continue to recover from the economic slump that followed the tsunami disaster, with growth of 1.7 percent (2012) and 1.6 percent (2013).[1]

According to recent analyses, the economic upturn in the USA is gathering momentum. While the IMF forecasts only moderate growth of 1.8 percent in 2012 and 2.2 percent in 20131, the Organisation for Economic Co-Operation and Development (OECD) expects robust growth. In its latest study covering the first two quarters of the current year, the OECD estimates US growth at 2.9 and then 2.8 percent.[2]

The IMF anticipates a mild recession in the eurozone this year, with economic output dipping by 0.5 percent. In 2013, the IMF estimate is for slight growth of 0.8 percent. The development in the various eurozone members will be mixed. On the one hand, Italy and Spain are likely to suffer a marked drop in economic output. In Germany and France, on the other hand, growth is forecast to reassert itself in the course of the year. The IMF expects the latter countries to achieve growth rates of 0.3 and 0.2 percent, respectively.[1]

[1] International Monetary Fund, World Economic Outlook Update: Global Recovery Stalls, Downside Risks Intensify, Washington, January 24, 2012
[2] Organisation for Economic Co-Operation and Development (OECD), What is the economic outlook for the OECD countries? An interim assessment, Paris, March 29, 2012

In their spring forecast, Germany's leading economic research institutes predict that the country's GDP will grow by 0.9 percent during the current year. The experts envisage 2.0-percent growth in Germany for 2013.[1]

According to the German Chemical Industry Association (VCI), Germany's chemical sector will not see a significant overall rise in production output or revenue this year. The VCI expects the sector's sales to grow by 1 percent, with production remaining flat. Due to the dynamic chemical markets of Asia and South America, export business will fare slightly better (+1.5 percent) than domestic business (+0.5 percent).[2]

In the semiconductor market, silicon-wafer demand will pick up in the second half of 2012. For the full year, demand will contract by 5.1 percent in terms of surface area sold. 300 mm wafers will be the exception, with a slight sales-volume increase of 2.1 percent over the course of this year. The general trend that is weakening smaller wafers' market significance and potential will thus continue. For 2013, research institute Gartner forecasts a noticeable market recovery, with volumes advancing by 14.5 percent.[3]

In the photovoltaic industry, countries such as the USA, Japan, China and India, will start to capitalize more effectively on their potential for solar energy.[4] At the supply end, the consolidation process will continue, with production overcapacity dropping further. The price decline for all solar-sector components will also make it easier to access the new markets. For 2012 as a whole, WACKER currently expects newly installed photovoltaic capacity to reach between 30 and 35 gigawatts.

WACKER Continues to Focus on Organic Growth

Over the coming months, WACKER's five divisions will have to contend with a market environment that remains challenging. The risks of a renewed economic slowdown still exist. On the other hand, Latin America, the USA and especially Asia continue to offer attractive opportunities for business expansion. As a result, WACKER's Executive Board and management will keep focusing on growing organically through the Group's own resources.

In the chemical divisions, raw-material and energy costs are expected to remain high. At the same time, we see good prospects for additional demand and increased volumes. For WACKER SILICONES, growth momentum comes mainly from Asia, where advancing prosperity is fueling demand for high-quality products containing WACKER silicones. A core aspect of our strategy for that division is to expand business for specialty silicones, for example, in elastomers.

[1] Joint Economic Forecast Project Group, Upswing in German Economy – European Debt Crisis Smoulders On. Joint Economic Forecast Spring 2012, Munich, April 17/19, 2012
[2] VCI (German Chemical Industry Association), The business situation of the German chemical industry in the 4th quarter 2011: Chemistry is fighting weak phase, Frankfurt, March 1, 2012
[3] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 1Q12 Update, Stamford (USA), March 2012
[4] European Photovoltaic Industry Association, Market Report 2011, Brussels, January 24, 2012

WACKER POLYMERS anticipates that it will achieve further volume growth at attractive prices in 2012. We expect sales to rise, above all in the USA, where we benefit in the packaging and carpet industry from the substitution of styrene butadiene by ethylene-based dispersions. We anticipate a further rise in demand from the construction industry, especially in Asian and South American markets.

One of WACKER BIOSOLUTIONS' priorities in 2012 is to extend its market position for polyvinyl acetate solid resins for gumbase. The division is building a new resin-production plant at Nanjing this year.

2012 will be a challenging year for WACKER POLYSILICON. Although customers have greatly reduced their stock levels and first-quarter polysilicon demand picked up noticeably, prices are expected to remain below the prior-year level in the months to come. WACKER POLYSILICON expects substantially higher volumes over the next few months compared with 2011, but anticipates that 2012's revenue will be lower year on year, due to weaker prices. At Nünchritz, the commissioning of the Poly 9 expansion stage is due for completion within the next few weeks. By the end of 2012, this will bring WACKER's German production capacity for hyperpure polysilicon up to almost 52,000 metric tons annually. The construction of the division's new site in Charleston (USA) is expected to progress on schedule over the coming months.

In the semiconductor market, we believe that only the 300 mm wafer segment offers notable growth opportunities in the medium term. In this market segment, Siltronic is focusing its capacity expansion on the Singapore-based Siltronic Samsung Wafer joint venture. In the case of the 200 mm and 150 mm diameters, it is important now to implement decisions taken to optimize production by closing down and transferring capacity.

Investment Volume to Remain at Around €1 Billion

Capital expenditures will once again be in the order of €1 billion in 2012. Most spending will be on the construction of the new Charleston polysilicon site in the US State of Tennessee. At Nanjing (China), WACKER will invest some €40 million in expanding capacities for dispersions and polyvinyl acetate solid resins.

In the current fiscal year, WACKER plans to increase its R&D expenditures by around 4 percent (2011: €172.9 million). As previously, the focus will be on the highly promising fields of energy, catalysis, biotechnology, construction applications and semiconductors. We are devoting particular attention to energy storage and to energy generation from renewable sources.

High Investments in Strategic Growth Projects Increase Net Debt and Reduce Cash Flow

WACKER started 2012 with net financial receivables of €95.7 million. As of March 31, 2012, the Group had net financial receivables of €19.1 million. We expect that this trend will continue and that net financial liabilities will grow during the year. High investments in the Group's strategic growth projects explain this development. At the same time, the level of advance payments received from customers for future polysilicon volumes is gradually declining as customers receive their deliveries. Due to this year's high investment level, net cash flow is likely to be clearly negative. However, the Group will continue to focus on its sound financial footing.

Please refer to pages 158 to 164 of our 2011 Annual Report for detailed comments on future products and services, R&D, production, procurement and logistics, sales and marketing, employees, financing, and our expected liquidity and financial position. The targets, strategies and processes presented there did not change substantially in Q1 2012.

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

Our 2011 Annual Report (pages 49 to 64) 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 five individual WACKER divisions.

Overall Corporate Performance Expectations

In view of the general situation, WACKER made a good start to fiscal 2012. Even though – as expected – business performance did not match the strong prior-year period, sales and earnings showed a substantial improvement on the preceding quarter.

For 2012 as a whole, the Executive Board and management have set a Group sales target of around €5 billion. EBITDA – according to our current estimates – will be well below the prior-year level, mainly due to the lower prices obtained from our photovoltaic customers for polysilicon deliveries.

From today's perspective, the photovoltaic market will grow further this year. Volumes and plant utilization will thus remain high during the coming months. For semiconductors, we anticipate that customer demand will rise over the next few months. At WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS, we expect sales to grow, as a result of increased volumes.

Munich, May 4, 2012
Wacker Chemie AG's Executive Board

Consolidated Statement of Income

January 1 through March 31, 2012

T 3.1 Consolidated Statement of Income

€ million	Q1 2012	Q1 2011	Change in %
Sales	1,194.3	1,291.7	–7.5
Cost of goods sold	–978.9	–892.5	9.7
Gross profit from sales	215.4	399.2	–46.0
Selling expenses	–67.8	–66.9	1.3
Research and development expenses	–43.4	–42.6	1.9
General administrative expenses	–30.7	–29.1	5.5
Other operating income	94.6	40.6	>100
Other operating expenses	–82.8	–49.2	68.3
Operating result	85.3	252.0	–66.2
Result from investments in joint ventures and associates	–3.0	–6.1	–50.8
Other investment income	0.1	–	n.a.
EBIT (earnings before interest and taxes)	82.4	245.9	–66.5
Interest income	3.9	4.4	–11.4
Interest expenses	–4.6	–2.3	100.0
Other financial result	–13.0	–10.0	30.0
Financial result	–13.7	–7.9	73.4
Income before taxes	68.7	238.0	–71.1
Income Taxes	–28.7	–70.0	–59.0
Net income for the period	40.0	168.0	–76.2
Of which			
Attributable to Wacker Chemie AG shareholders	41.5	168.3	–75.3
Attributable to non-controlling interests	–1.5	–0.3	>100
Earnings per share (basic/diluted) (€)	0.84	3.39	–75.2
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–

Consolidated Statement of Comprehensive Income

January 1 through March 31, 2012

T 3.2 January to March

€ million	2012			2011		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			40.0			168.0
Difference from foreign currency translation adjustments	−11.2	–	−11.2	−28.5	–	−28.5
Changes in market values of the securities available for sale	0.4	–	0.4	0.1	–	0.1
Changes in market values of derivative financial instruments (cash flow hedge)	12.0	−3.3	8.7	42.5	−11.3	31.2
Of which recognized in profit and loss	−4.1	1.1	−3.0	−2.8	0.6	−2.2
Share of cash flow hedge in associates accounted for using the equity method	0.7	–	0.7	1.7	–	1.7
Non-controlling interests	−0.3	–	−0.3	−1.4	–	−1.4
Income and expenses recognized in equity	1.6	−3.3	−1.7	14.4	−11.3	3.1
Total income and expenses reported			38.3			171.1
Of which						
Attributable to Wacker Chemie AG shareholders			40.1			172.8
Attributable to non-controlling interests			−1.8			−1.7

Consolidated Statement of Financial Position

As of March 31, 2012

T 3.3 Assets

€ million	March 31, 2012	March 31, 2011	Change in %	Dec. 31, 2011	Change in %
Intangible assets	28.8	30.0	−4.0	30.2	−4.6
Property, plant and equipment	3,532.5	3,026.5	16.7	3,500.5	0.9
Investment property	1.5	1.5	–	1.5	–
Investments in joint ventures and associates accounted for using the equity method	119.7	101.9	17.5	124.5	−3.9
Financial assets	142.5	106.6	33.7	141.0	1.1
Noncurrent securities	170.5	237.3	−28.2	162.5	4.9
Other assets	14.4	50.7	−71.6	13.3	8.3
Tax receivables	11.8	11.9	−0.8	10.9	8.3
Deferred tax assets	17.1	15.3	11.8	11.6	47.4
Noncurrent assets	4,038.8	3,581.7	12.8	3,996.0	1.1
Inventories	685.6	583.7	17.5	713.7	−3.9
Trade receivables	685.4	645.2	6.2	566.1	21.1
Other assets	153.7	195.2	−21.3	132.8	15.7
Tax assets	87.4	63.0	38.7	117.3	−25.5
Current securities	220.4	113.3	94.5	237.2	−7.1
Cash and cash equivalents	725.5	750.8	−3.4	473.9	53.1
Current assets	2,558.0	2,351.2	8.8	2,241.0	14.1
Total assets	6,596.8	5,932.9	11.2	6,237.0	5.8

T 3.4 Equity and Liabilities

€ million	March 31, 2012	March 31, 2011	Change in %	Dec. 31, 2011	Change in %
Subscribed capital of Wacker Chemie AG	260.8	260.8	–	260.8	–
Capital reserves of Wacker Chemie AG	157.4	157.4	–	157.4	–
Treasury shares	–45.1	–45.1	–	–45.1	–
Retained earnings	2,257.9	2,191.1	3.0	2,216.4	1.9
Other equity items	12.5	30.7	–59.3	13.9	–10.1
Equity attributable to Wacker Chemie AG shareholders	2,643.5	2,594.9	1.9	2,603.4	1.5
Non-controlling interests	24.5	23.0	6.5	26.3	–6.8
Equity	2,668.0	2,617.9	1.9	2,629.7	1.5
Provisions for pensions	537.7	483.7	11.2	527.1	2.0
Other provisions	187.5	195.6	–4.1	193.9	–3.3
Tax provisions	63.8	53.7	18.8	61.3	4.1
Deferred tax liabilities	30.9	52.1	–40.7	33.8	–8.6
Financial liabilities	950.9	457.4	>100	662.1	43.6
Other liabilities	959.1	1,043.2	–8.1	1,007.8	–4.8
Noncurrent liabilities	2,729.9	2,285.7	19.4	2,486.0	9.8
Other provisions	143.4	122.6	17.0	114.7	25.0
Tax provisions	18.1	54.1	–66.5	7.2	>100
Tax liabilities	16.1	16.7	–3.6	22.7	–29.1
Financial liabilities	146.4	84.5	73.3	115.8	26.4
Trade payables	375.6	328.0	14.5	402.6	–6.7
Other liabilities	499.3	423.4	17.9	458.3	8.9
Current liabilities	1,198.9	1,029.3	16.5	1,121.3	6.9
Liabilities	3,928.8	3,315.0	18.5	3,607.3	8.9
Total equity and liabilities	6,596.8	5,932.9	11.2	6,237.0	5.8

Consolidated Statement of Cash Flows

January 1 through March 31, 2012

T 3.5 Consolidated Statement of Cash Flows

€ million	Q1 2012	Q1 2011	Change in %
Net income for the period	40.0	168.0	–76.2
Write-downs/write-ups of noncurrent assets	129.4	105.1	23.1
Changes in provisions	51.3	35.6	44.1
Changes in deferred taxes	–11.7	2.5	n.a.
Changes in inventories	19.1	–66.0	n.a.
Changes in trade receivables	–134.3	–61.8	>100
Changes in other assets	9.3	–2.0	n.a.
Change in advance payments made and received	–33.0	187.1	n.a.
Changes in liabilities	73.0	69.0	5.8
Non-cash changes from equity accounting	3.0	6.1	–50.8
Other non-cash expenses, income and other items	20.3	6.4	>100
Cash flow from operating activities (gross cash flow)	166.4	450.0	–63.0
Investment in noncurrent assets	–248.0	–162.7	52.4
Proceeds from the disposal of noncurrent assets	0.5	0.4	25.0
Cash flow from noncurrent investment activities before securities	–247.5	–162.3	52.5
Payments for acquisitions/disposal of securities	5.1	–98.4	n.a.
Cash flow from investment activities	–242.4	–260.7	–7.0
Changes in financial liabilities	328.5	19.5	>100
Cash flow from financing activities	328.5	19.5	>100
Changes due to exchange-rate fluctuations	–0.9	–3.2	–71.9
Changes in cash and cash equivalents	251.6	205.6	22.4
At the beginning of the period	473.9	545.2	–13.1
At the end of the period	725.5	750.8	–3.4
Additional information			
Additions from finance leases	–	–1.4	n.a.

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

January 1 through March 31, 2012

T 3.6 Statement of Changes in Equity

€ million	Sub-scribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2011	260.8	157.4	−45.1	2,022.8	26.2	2,422.1	24.7	2,446.8
Net income for the period	–	–	–	168.3	–	168.3	−0.3	168.0
Income and expenses recognized in equity	–	–	–	–	4.5	4.5	−1.4	3.1
March 31, 2011	260.8	157.4	−45.1	2,191.1	30.7	2,594.9	23.0	2,617.9
Jan. 1, 2012	260.8	157.4	−45.1	2,216.4	13.9	2,603.4	26.3	2,629.7
Net income for the period	–	–	–	41.5	–	41.5	−1.5	40.0
Income and expenses recognized in equity	–	–	–	–	−1.4	−1.4	−0.3	−1.7
March 31, 2012	260.8	157.4	−45.1	2,257.9	12.5	2,643.5	24.5	2,668.0

T 3.7 Reconciliation of Other Equity Items

€ million	Changes in market values of securities available for sale	Difference from foreign currency translation adjustments	Changes in market values of derivative financial instruments (cash flow hedge)	Total (excluding non-controlling interests)
Jan. 1, 2011	0.5	7.5	18.2	26.2
Additions	0.1	–	1.8	1.9
Other changes	–	–	33.3	33.3
Reclassification in the statement of income	–	–	−2.2	−2.2
Changes in exchange rates	–	−28.5	–	−28.5
March 31, 2011	0.6	−21.0	51.1	30.7
Jan. 1, 2012	0.9	16.8	−3.8	13.9
Additions	0.4	–	0.4	0.8
Other changes	–	–	12.0	12.0
Reclassification in the statement of income	–	–	−3.0	−3.0
Changes in exchange rates	–	−11.2	–	−11.2
March 31, 2012	1.3	5.6	5.6	12.5

Notes

January 1 through March 31, 2012

Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of March 31, 2012, have been prepared pursuant to Section 37x WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act") and in accordance with the rules of International Accounting Standard (IAS) 34 as applicable in the European Union, in condensed form and maintaining unchanged the accounting and valuation methods applied in fiscal 2011. The interim Group management report has been prepared in compliance with the applicable requirements of WpHG. New accounting standards were introduced in 2012, but they had no substantial impact on WACKER's accounting and valuation methods.

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 contingencies. 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 referred to 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.

At the beginning of fiscal 2012, WACKER shortened the useful lives of polysilicon-plant infrastructure and technical facilities due to the altered polysilicon-market situation. Future technological developments will necessitate a new set-up for existing structures. In accounting terms, this concerns a change in estimates that do not necessitate modification of preceding years. In the period under review, shorter useful lives led to an increase in depreciation of €7 million. For the years to follow, WACKER expects additional depreciation of some €28 million annually.

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 the IFRSs are explained in detail there. We refer to the Notes as of December 31, 2011 for further explanations.

As of March 31, 2012, there were no changes in the legal corporate and organizational structures as portrayed in the 2011 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, 2011, with regard to the disclosures on other financial obligations.

Moreover, WACKER secured its long-term supply of ethylene – a raw material – via a further long-term supply contract in Q1 2012. The contract starts in 2015 and follows up on existing contracts.

New Accounting Standards

The following standards and interpretations of the IASB are to be applied for the first time in the first three months of 2012:

Standard/ Interpretation		Mandatory from	Endorsed by EU	Substantial Changes and Anticipated Impact on WACKER
Amendment to IFRS 7	Disclosure requirements relating to transfers of financial assets	July 1, 2011	Nov. 22, 2011	The application of the revised standard will have no substantial impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.

The following standards were approved by the IASB between 2009 and 2012, but their application is not yet mandatory for the period under review.

Standard/ Interpretation		Publication by IASB	Mandatory from	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.
IFRS 10	Consolidated Financial Statements	May 12, 2011	Jan. 1, 2013	Expected in Q4 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. WACKER is currently of the opinion that application of the revised standard will have no influence on the current determination of the scope of consolidation.

Standard/ Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
IFRS 11	Joint Arrangements	May 12, 2011	Jan. 1, 2013	Expected in Q4 2012	IFRS 11 regulates 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 exclusively the equity method. The option of proportionate consolidation has been abolished. The abolition of proportionate consolidation has no impact on WACKER's earnings, net assets and financial position because WACKER already accounts for joint ventures using the equity method. WACKER is currently investigating the other effects of IFRS 11, including in respect of joint operations.
IFRS 12	Disclosure of Interests in Other Entities	May 12, 2011	Jan. 1, 2013	Expected in Q4 2012	IFRS 12 regulates the disclosures in the consolidated financial statements that enable users 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.
IFRS 13	Fair Value Measurement	May 12, 2011	Jan. 1, 2013	Expected in Q3 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 will be relevant to all areas of WACKER's consolidated financial statements in which fair values are determined. WACKER does not expect the new approach to have any substantial impact on its earnings, net assets and financial position. The disclosure obligations in the consolidated financial statements will increase.
IAS 27	Separate Financial Statements	May 12, 2011	Jan. 1, 2013	Expected in Q4 2012	In the future, IAS 27 will deal only with separate financial statements. The existing guidelines for separate financial statements remain unchanged. The application of the revised standard will have no impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.
IAS 28	Investments in Associates	May 12, 2011	Jan. 1, 2013	Expected in Q4 2012	IAS 28 now also regulates the accounting of joint ventures using the equity method. The application of the revised standard will have no substantial impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.
Amendments to IFRS 1 for First-time Adopters	Severe Hyperinflation and Removal of Fixed Dates	Dec. 20, 2010	July 1, 2011	Expected in Q3 2012	The amendment replaces the existing references to the date of January 1, 2004, with a reference to the timing of the transition to IFRS. This amendment also includes rules for those cases in which hyperinflation makes it impossible for an entity to comply with all IFRS stipulations. Its application will have no impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets	Dec. 20, 2010	Jan. 1, 2012	Expected in Q3 2012	The amendment contains a partial clarification on the treatment of temporary taxable differences from IAS 40's fair value model. Investment property often makes it difficult to assess whether existing differences are recovered as part of continuing use or in the wake of a sale. The amendment therefore generally makes it necessary to presume recovery due to a sale. Its application will have no substantial impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements. WACKER measures its investment property exclusively at amortized cost.

Standard/ Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
Amendments to IAS 1	Presentation of Items of Other Compre-hensive Income	June 16, 2011	July 1, 2012	Expected in Q2 2012	The application of the revised standard will have no impact on WACKER's earnings, net assets and financial position. The presentation in WACKER's financial statements of items of other comprehensive income will be enhanced.
Amendments to IAS 19	Employee Benefits	June 16, 2011	Jan. 1, 2013	Expected in Q2 2012	The amendments to IAS 19 will 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 is eliminated. In the future, 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. Because WACKER currently applies the corridor method, this change is expected to result in a substantial increase in pension provisions when adopted for the first time, which in turn will reduce the Group's equity. Such recognition within other comprehensive income of variations in actuarial gains and losses will lead to more volatility in equity in the future.
Amendments to IFRS 7	Offsetting Financial Assets and Financial Liabilities	Dec. 16, 2011	Jan. 1, 2013	Expected in Q4 2012	These amendments to IFRS 7 extend the disclosure requirements regarding the netting of financial assets and financial liabilities. The added disclosure requirements will have an impact on the presentation of the financial statements.
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. Because WACKER cannot yet assess what impacts the first-time application of IFRS 9 will have, it is also not yet possible to evaluate the potential impact of these amendments to IFRS 9 and IFRS 7.
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	Dec. 16, 2011	Jan. 1, 2014	Q4 2012	This amendment to IAS 32 clarifies the requirements governing the offsetting of financial instruments. Application of the revised standard will have no substantial impact on WACKER's earnings, net assets and financial position.
Amendments to IFRS 1 for First-time Adopters	Government Loans	March 13, 2012	Jan. 1, 2013	Q4 2012	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 will have no impact on WACKER's earnings, net assets and financial position, or on the presentation of its financial statements.
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Oct. 19, 2011	Jan. 1, 2013	Expected in Q3 2012	IFRIC 20 regulates 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 and financial position, or on the presentation of its financial statements.

Changes in the Scope of Consolidation

As of March 31, 2012, the scope of consolidation comprises 56 companies, including Wacker Chemie AG and a special-purpose entity, of which 50 have been fully consolidated in the interim financial statements. The scope of consolidation has not changed compared with December 31, 2011.

Segment Reporting

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

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. These concern the renting of office space and exchange of services. None of these services has a 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. Provisions of services take 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 Q1 2012 amounted to €9.6 million (Q1 2011: €4.4 million). As of March 31, 2012, WACKER had outstanding receivables from the pension fund of €26.6 million (Dec. 31, 2011: €35.2 million).

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

On March 21, 2012, BlackRock Hodco 2, Inc. (Wilmington, USA) and BlackRock Financial Management, Inc. (New York, USA) announced that their holdings of Wacker Chemie AG shares with voting rights slightly exceeded the 3-percent threshold on March 15, 2012.

On April 3, 2012, BlackRock, Inc. (New York, USA), BlackRock Financial Management, Inc. (New York, USA) and BlackRock Hodco 2, Inc. (Wilmington, DE, USA) announced that their holdings of Wacker Chemie AG shares with voting rights slightly dropped to just under the 3-percent threshold on March 27, 2012. Further detailed information has been published in the German register of companies. www.unternehmensregister.de

Business with non-consolidated subsidiaries, the pension fund and joint ventures and associated companies is, as a rule, 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 that include start-up costs and financing elements, among others.

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

T 4.1 Related Party Disclosures

€ million	3M 2012		2012 March 31, 2012		3M 2011		2011 Dec. 31, 2011	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associated companies	0.7	22.1	15.9	4.8	0.7	19.8	16.5	6.0
Joint ventures	22.2	14.8	23.7	5.3	17.0	12.2	14.9	5.2
Other	–	–	–	0.2	–	–	–	0.3

In addition, €131.3 million was loaned to associated companies and joint ventures (Dec. 31, 2011: €130.0 million). For further information, please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2011.

Exchange Rates

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

T 4.2 Exchange Rates

	Exchange rate as of		Average exchange rate	
	March 31, 2012	March 31, 2011	**March 31, 2012**	March 31, 2011
USD	**1.34**	1.42	**1.31**	1.37
JPY	**109.77**	117.51	**103.84**	112.49
SGD	**1.68**	1.79	**1.66**	1.75
CNY	**8.41**	9.29	**8.27**	9.00

Major Events during the Reporting Period

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

Events after the Balance Sheet Date

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

Munich, May 4, 2012
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Wilhelm Sittenthaler**

Joachim Rauhut **Auguste Willems**

Responsibility Statement

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

Munich, May 4, 2012
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Wilhelm Sittenthaler**

Joachim Rauhut **Auguste Willems**

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2012 Financial Calendar

May 16
Annual Shareholders' Meeting

July 25
Interim Report on the 2nd Quarter

Sept. 11
Capital Markets Day Dresden

Oct. 24
Interim Report on the 3rd Quarter

Contacts

For Investors
Joerg Hoffmann
Head of Investor Relations
Tel. +49 89 6279-1633
Fax +49 89 6279-2933
joerg.hoffmann@wacker.com

Judith Distelrath
Tel. +49 89 6279-1560
Fax +49 89 6279-2381
judith.distelrath@wacker.com

Manuela Ellmerer
Tel. +49 89 6279-2769
Fax +49 89 6279-2369
manuela.ellmerer@wacker.com

For Journalists
Christof Bachmair
Head of Media Relations & Information
Tel. +49 89 6279-1830
Fax +49 89 6279-1239
christof.bachmair@wacker.com

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