Q3

Wacker Chemie AG
Interim Report

January – September 2013

Published October 31, 2013

Interim Report January – September 2013

Third-quarter Group sales reach €1.17 billion, 1 percent above Q2 2013 and 3 percent below Q3 2012

At €168 million, third-quarter earnings before interest, taxes, depreciation and amortization come in 19 percent lower than last year due to price declines and, amid polysilicon-inventory reductions, 11 percent below Q2 2013

Price pressure and currency effects slow down chemicals business, while solar-silicon volumes show substantial growth

Net income for Q3 2013 amounts to €5 million

Capital expenditures reduced by 66 percent year on year – focus on completion of Tennessee site

Sales and earnings forecast unchanged: WACKER expects full-year 2013 Group sales of some €4.5 billion, with EBITDA down year on year and net income likely to be in slightly positive territory

Full-year net cash flow now expected to be positive

Cover

At K, the world's premier plastics show, WACKER presented a dozen innovations in silicone rubber in Düsseldorf this October. The focus was on the automotive industry.

WACKER at a Glance

€ million	Q3 2013	Q3 2012*	Change in %	9M 2013	9M 2012*	Change in %
Sales	1,165.4	1,200.9	−3.0	3,392.0	3,617.7	−6.2
EBITDA[1]	167.9	206.1	−18.5	520.6	661.5	−21.3
EBITDA margin[2] (%)	14.4	17.2	–	15.3	18.3	–
EBIT[3]	35.1	72.5	−51.6	119.8	268.3	−55.3
EBIT margin[2] (%)	3.0	6.0	–	3.5	7.4	–
Financial result	−23.4	−14.8	58.1	−59.1	−42.9	37.8
Income before taxes	11.7	57.7	−79.7	60.7	225.4	−73.1
Net income for the period	5.4	28.8	−81.3	25.6	131.7	−80.6
Earnings per share (basic/diluted) (€)	0.09	0.54	−83.3	0.45	2.60	−82.7
Capital expenditures (including financial assets)	98.2	291.4	−66.3	350.7	722.4	−51.5
Net cash flow[4]	164.7	−90.4	n.a.	190.8	−294.9	n.a.

€ million	Sept. 30, 2013	Sept. 30, 2012*	Dec. 31, 2012*
Equity	2,167.4	2,081.7	2,121.3
Financial liabilities	1,476.4	1,177.4	1,197.2
Net financial debt[5]	688.1	411.3	700.5
Total assets	6,589.7	6,748.1	6,492.8
Employees (number at end of period)	16,074	16,433	16,292

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

Interim Report January – September 2013

Once every three years, Düsseldorf becomes the principal forum for the plastics industry. In October, here at K, the world's premier plastics show, WACKER presented a dozen innovations in silicone rubber. In the field of mobility, in particular, WACKER unveiled some technically fascinating products.

1
Peter Summo, head of
the Engineering Silicones
business unit.

Cars have long been far more than mere metal boxes on wheels. Engines are shrinking in size yet becoming more powerful than ever, while the cars themselves are lighter and more fuel economical, thanks to new materials. WACKER supports these engineering trends by developing silicone elastomers for specific automotive applications.

Dr. Wolfgang Schattenmann well remembers the days when his car would vibrate wildly at speeds above 160 km/h: “It’s not all that long ago. Shaking made the ride uncomfortable, and amplified background noises.” As head of the Rubber Solutions business team, it is his job to provide technical support for customers who process WACKER silicone rubber. “Despite the lightweight construction of modern cars, they still run smoothly even at 250 km/h,” says Schattenmann, adding that one of the reasons is that they contain silicone mass dampers. Mass dampers are being used more and more to suppress vibrations.

The mass damper is fitted inside the drive shaft, where it absorbs vibrations so effectively that the vehicle occupants hardly notice them at all. Wolfgang Schattenmann has just returned from K 2013, the world’s premier tradeshow for the plastics and rubber industry. There, he presented a new silicone elastomer made for such components. This elastomer is far less elastic than conventional silicone rubber and therefore has exceptional damping properties. Scarcely any other material on the market can absorb as much vibrational energy as the new ELASTOSIL® R 752.

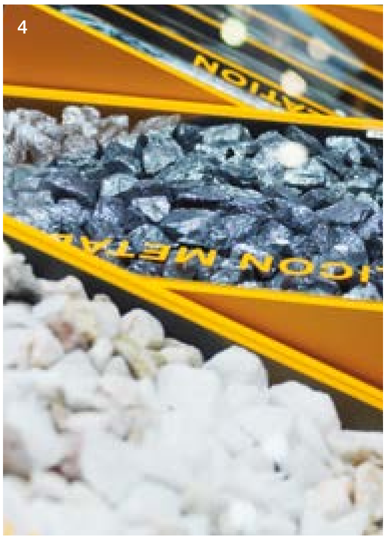
The Auto Sector Generates a Third of Sales

In total, WACKER unveiled a dozen silicone rubber innovations at K 2013, which is held in October in Düsseldorf every three years and attracts raw materials producers, elastomer processors and machine makers from all over the world. The customers whom Schattenmann and his team met at the show are suppliers to all kinds of industries, from packaging through to medical technology. They take the drums of WACKER liquid silicone rubber and large white bars of WACKER solid silicone rubber and transform them into, for example, high-voltage insulators, encapsulating agents for electronic control devices, or wound dressings. Silicone rubber is often the material of choice for applications involving extremely high or low temperatures. Other reasons are its durability, its ability to cope well with compressive and tensile forces, and its long service life.

“Many new products will end up in cars,” says Peter Summo, who is in charge of silicone elastomer business at WACKER. He estimates that the automotive sector accounts for one-third of his business unit’s total sales. The annual sales figure is roughly €170 million, he says, adding that it is hard to put a more precise figure on it because many electronics and lighting manufacturers also sell to the automotive industry. As the raw materials supplier, WACKER is the very first link in what is a complex supply chain.

2
Solutions for megatrends: the WACKER booth at K 2013.

3


4


3
Calm before the storm: the WACKER booth at the Düsseldorf Trade Show Center at K 2013.

4
The exhibits show visitors to the WACKER trade booth what raw materials WACKER uses to produce its innovative silicone products.

5
Dr. Wolfgang Schattenmann, head of the Rubber Solutions business team.

5


Superb Properties

Silicone rubber is the preferred material for making turbocharger hoses, for example, which need to withstand enormous pressures and elevated temperatures.

Heat resistance up to

300 °C

WACKER's share of the global silicone market

16 %

Thermal stability to

–110 °C

Forecast annual car production in 2019

107 million

The automotive industry's demand for silicone is increasing, for several reasons. First, production numbers are climbing. While sales in Europe are falling, they are on the rise elsewhere in the world. A recent report by management consultants PwC estimates that annual production will increase from 82 million cars at present to 107 million by 2019. Already, more than a billion cars travel the world's various highways and byways. By 2050, this figure will likely be 2.7 billion.

WACKER is also benefiting from a different development: engine downsizing, which is a megatrend in the automotive sector. Despite having less capacity with fewer cylinders, engines are still expected to develop plenty of power. This is achieved with turbochargers and direct injection. But such high-performance technology comes at the expense of higher temperatures in the engine compartment. So much heat is too much for most elastomers. But one that can withstand it is silicone rubber, which has become the preferred material for making turbocharger hoses, for example, which need to cope with enormous pressures and elevated temperatures.

WACKER has collaborated closely with automotive equipment manufacturers to develop several products that can shrug off the higher temperatures in the engine compartment. The gaskets employed in the cooling circuit, for example, used to be made of organic elastomers. However, these are gradually finding the cooling circuit too hot to handle. Nor were conventional silicone elastomers an option. Once the temperature tops 100 degrees Celsius, they become incompatible with the coolant.

This situation inspired technicians in the applied technology lab to create a new liquid silicone rubber that can be readily used for the gaskets in engine cooling circuits as well. The result, ELASTOSIL® LR 3022/60, is a high-tech rubber that can withstand coolant temperatures of up to 125 degrees Celsius without losing its elasticity or sealing properties. Very few other elastomers deliver the same performance in contact with hot coolant, especially over the long term. After all, such gaskets are expected to continue functioning perfectly throughout the car's lifetime.

WACKER Wants to Become the Market Leader in High-Tech Silicones

Similar problems afflict all rubber parts in and around the engine and the exhaust system. Such parts, which typically are gaskets, valve membranes, hoses, bellows and cable jackets, need to stay permanently elastic in the face of elevated temperatures. Then, when temperatures plummet, silicone elastomers are called upon again. For, whether it's minus 50 degrees Celsius in the middle of a Russian winter or a boiling hot day in a desert region, their elastic properties are unaffected by changes in temperature. Organic elastomers cannot match this range of performance.

The innovations on display at K 2013 are proof that WACKER intends to become a market leader in the field of high-tech silicones. New products are expected to account for an increasing share of sales in the coming years. The sales contribution by higher-margin specialty chemicals is rising, too. "In the future, we intend to concentrate our focus on our core technological competencies in industries ranging from electronics and automotive engineering to health and energy," stresses Christian Hartel, head of WACKER SILICONES.

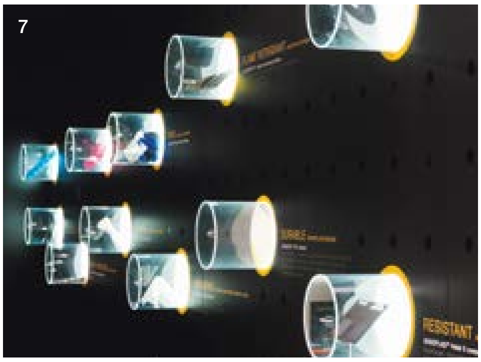
Sales

€170m

in sales of silicone elastomers is attributable to the auto sector alone

6

7



6/7
Silicone elastomers are highly versatile: they are used to produce hose, high-voltage insulators and wound dressings. LUMISIL® high-performance silicones are the ideal material for optical lenses in the LED sector.

WACKER is the market leader in silicone elastomers in Europe. For Peter Summo, this is the outcome of longstanding close collaboration with customers. WACKER works hand in glove with industry giants and many small and medium-size enterprises to develop innovative solutions that can be implemented rapidly and effectively. "We use our pilot plants to simulate our customers' production setup so that we can create products which are tailored to their needs and their processes," explains Summo. "Our teams are meeting the customers' requirements in great detail," he adds.

This attention to detail extends to physical proximity to the major markets – worldwide. Business in Asia is growing particularly fast. The silicone experts at WACKER have accordingly extended their structures on the ground there with a view to enhancing the level of assistance provided to processors. In Japan, one competence center is working with leading manufacturers to produce even better airbags. These are being coated with silicone so the fabric is airtight, while remaining flexible and deploying uniformly. The silicone also makes the airbag more heat-resistant.

LUMISIL®: Silicone Rubber for High-Performance LEDs

In South Korea, WACKER operates a competence center for the electronics industry. There, designers, technical service engineers and customer advisors are jointly working on developing high-quality silicones that are tailored to the specific needs of that industry. One project is concerned with using silicone to protect the electronics against heat, dirt and moisture. Another involves specialty silicones for encapsulating sensors. Again, the automotive industry is a key client here. This is hardly a surprise, given that the share of automotive electronics – whether in small cars or luxury limousines – keeps rising. PwC forecasts that chips and other electronic components will account for as much as one-third of the production costs of a car by 2020.

Automotive lighting is another area that is undergoing upheaval at the moment. As in all other walks of life, it is being revolutionized by light emitting diodes (LEDs). And not just in the passenger compartment, where LEDs serve to create a cozier atmosphere. Carmakers are also deploying LEDs in their headlamps because they allow the beam to be controlled with greater precision – not mechanically, but electronically. One example is high beams that do not dazzle oncoming drivers. Another is headlamp systems that identify and illuminate roadside obstacles. WACKER has launched a highly transparent liquid silicone rubber to serve as the lens material for such systems. LUMISIL® LR 7600 does not yellow and readily copes with elevated temperatures. That's an important property for a lens that sits directly in front of a high-performance LED. What's more, the silicone rubber is not troubled at all by the extreme temperature cycles in headlamps.

At K 2013, Wolfgang Schattenmann demonstrated the injection molding of small magnifiers live at the WACKER booth. Produced in one piece from LUMISIL® LR 7600, they were just larger than a thimble, were flexible and had a crystal-clear lens. Visitors to the booth were presented with a freshly made magnifier as a memento. "Even this simple magnifier demonstrates the optical versatility of this material, and just how easy it is to process," enthuses Schattenmann. The response from users has been huge. Even before the show started, the head of the sales team was fielding numerous inquiries from customers asking about the new silicone rubber.

8
At K 2013, a wealth of new products and solutions were presented to over 200,000 visitors from 59 countries.

WACKER Stock

Global financial markets saw bright spells and cloudy periods during the third quarter of 2013. The European financial and sovereign-debt crisis seems to have become somewhat less acute in the eyes of many market participants. Moreover, the US Federal Reserve and European Central Bank intend to maintain their low-interest-rate policies for the foreseeable future. Both these aspects have helped create some relief for stock markets. On the other hand, the conflicts in Arab countries such as Syria and Egypt have noticeably increased the risks to the world economy. The economic consequences of the dispute over the US budget cannot be predicted at the moment. Much depends on whether the provisional compromise reached can be transformed into a lasting political consensus in the Senate and the House of Representatives or, more specifically, whether a federal government spending freeze is again imposed.

The global economy continued to expand in the third quarter of 2013, albeit only moderately. Growth momentum increased in some advanced economies, such as the USA and Japan. In emerging and developing economies, though, the upward trend flattened somewhat. Significantly for WACKER's business, China and the EU resolved their trade dispute over solar-industry products in the third quarter, with neither side imposing punitive tariffs as yet.

Amid these developments, WACKER's share price increased by nearly 24 percent in the July-through-September quarter, clearly outperforming Germany's two leading indices, the DAX and MDAX. In the nine months from January through September 2013, WACKER stock posted an even stronger improvement, rising by over 43 percent. At the start of the year, it had been trading at just over €50.

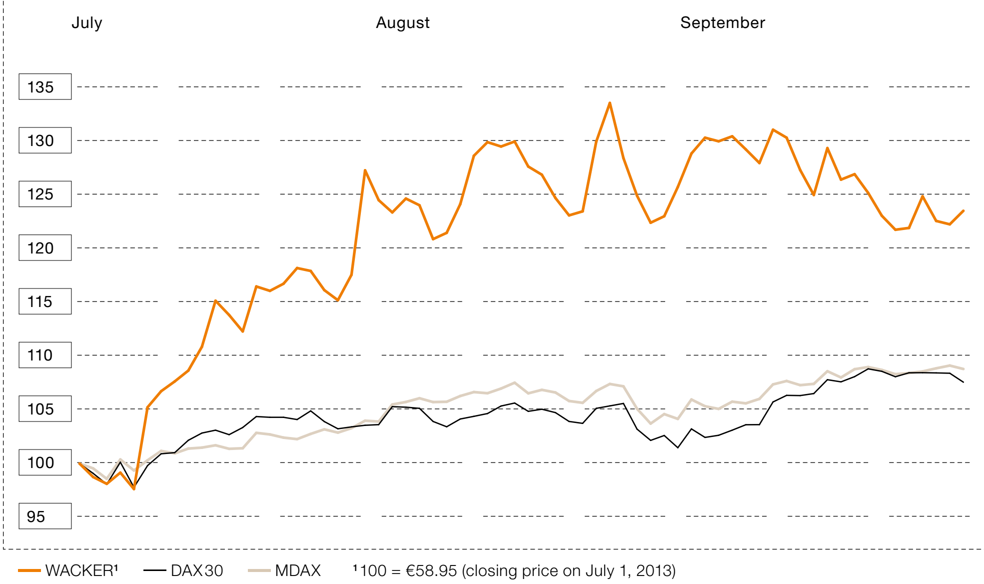
On July 1, 2013, WACKER stock entered the third quarter at €58.95 and, by July 5, had declined only slightly (€57.54). In the ensuing weeks, it rose to a high of €78.92 (August 23, 2013), supported chiefly by the positive news about Europe and China resolving their solar dispute. For the rest of the quarter, the share price tended to move sideways at over €70 – a level last reached in early 2012. WACKER stock closed September at €72.95.

The DAX and MDAX indices, too, performed positively in the quarter under review, with the DAX gaining nearly 8 percent and the MDAX about 9 percent. The DAX started Q3 at 7,983 points and passed the 8,000 mark within a few days. It reached its high of 8,694 points on September 19 and closed the third quarter at 8,594. The MDAX also gained ground during the same period, climbing from 13,806 at the start of the quarter to 15,034 at the end of September. As the quarter closed, this index was thus only slightly below its high for the three-month period of 15,077 (September 27, 2013).

The three-year view (September 2010 through September 2013) shows that WACKER stock has clearly recovered from its November 2012 lows of just over €40. It is still well below its highs, though, having traded at about €170 in the first half of 2011. The DAX and MDAX have seen significantly more positive trends than WACKER stock over the last three years, with the DAX up by about 40 percent and the MDAX by nearly 74 percent. Consolidation in the solar industry and difficult market conditions for polysilicon have significantly impacted WACKER's share price in recent years.

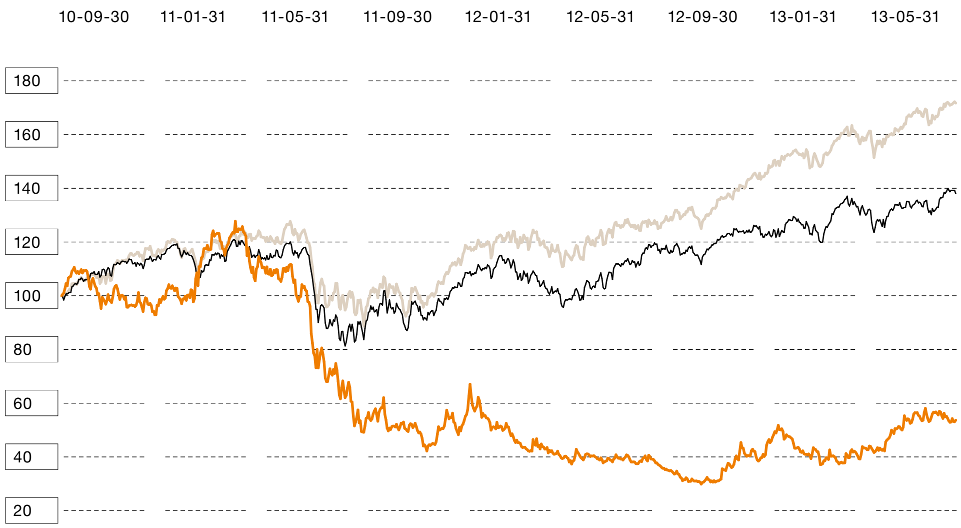
At its Capital Markets Day in London in early July, WACKER for the first time announced medium-term targets for sales and EBITDA. The Group aims to achieve sales of between €6.0 billion and €6.5 billion in 2017, and earnings before interest, taxes, depreciation and amortization of €1.2 billion in the same year. Additionally, management outlined its strategies for WACKER's major business divisions in the years ahead. This provides analysts with parameters to evaluate progress made in implementing corporate strategy. One key strategic aspect for the next few years is that WACKER's investments will only be at about half the level of the past. Now that WACKER has largely completed its capital-intensive growth measures of recent years, or extended the timeline for particular projects, investment activity is expected to stay below the level of depreciation until 2017. The Capital Markets Day 2013 presentation can be downloaded at www.wacker.com/investor-relations.

G 1.1 WACKER's Share Performance in Q3 2013 (indexed to 100)[1]



[1] 100 = €58.95 (closing price on July 1, 2013)

G 1.2 WACKER's Share Performance from Sept. 30, 2010 to Sept. 30, 2013 (indexed to 100)[1]



[1] 100 = €135.35 (closing price on Sept. 30, 2010)

T 1.1 Facts & Figures on WACKER Stock

€	Q3 2013	9M 2013
Closing price at the start of the reporting period	58.95	50.86
High in the reporting period	78.92	78.92
Low in the reporting period	57.54	50.66
Closing price at the end of the reporting period	72.95	72.95
Change during the reporting period (%)	23.8	43.4
Average daily trading volume in shares/day (Xetra)	115,848	145,748
Market capitalization at the start of the reporting period (billion) (based on shares outstanding)	2.93	2.53
Market capitalization at the end of the reporting period (billion) (based on shares outstanding)	3.62	3.62
Earnings per share (€)	0.09	0.45

At the end of the quarter, short sales of Wacker Chemie AG's stock amounting to 7.32 percent of the shares outstanding were reported as per Section 30h of Germany's Securities Trading Act ("WpHG"). The largest position amounted to 1.91 percent. Short positions exceeding 0.5 percent of the shares outstanding are published in Germany's Federal Gazette (www.bundesanzeiger.de).

Please refer to the 2012 Annual Report (pages 41 to 46) and the internet (www.wacker.com/investor-relations) for more details about WACKER's stock (e.g. dividends, shareholder structure, banks and investment firms that cover and rate WACKER, analyst estimates, and investor and analyst events held or attended by WACKER).

Report on the 3rd Quarter of 2013

July – September 2013

Dear Shareholders,

The past quarter is a good example of how economic and political conditions impact demand on WACKER's markets and, in turn, affect our business in products and services. These influences have been both positive and negative.

A mutual solution to the trade dispute between China and the European Union over photovoltaic components has yet to be settled, finally and conclusively. The compromise that was found, though, has strengthened the trust and confidence of market participants and noticeably revived demand for our polysilicon. The solar industry is clearly an attractive growth market and it will remain so, even though the challenges in this business are currently high.

The economy's persistent weakness, on the other hand, has been slowing down our chemicals business, especially in Europe. The current risks to the global economic outlook prompt a more cautious ordering pattern among customers. Declining growth rates in emerging economies, such as China, India and Brazil, and the slow pace of recovery in the industrialized West are leaving their mark, too. This has intensified competition and put pressure on prices in many product groups.

While such influences are beyond our control, it is up to us to find the best way to face these challenges and perform successfully under the given circumstances. Our current programs for enhancing business-process efficiency and cutting costs contribute significantly to this end. It is our goal to save some €200 million this year alone. Over the last three months, we have made further progress in this direction.

We do not judge corporate success solely by sales trends and margins, however. Operational excellence also requires us to fulfill our responsibilities for safety, the environment and society. This requirement is especially important for a company like WACKER, with chemical operations around the world. Published in early September, WACKER's new Sustainability Report convincingly documents how seriously we take our commitment to society and the environment and demonstrates that we have again made considerable progress in this area over the past two years.

It remains our most important goal to ensure that your company remains on a good course, even amid challenging conditions.

Munich, October 31, 2013
Wacker Chemie AG's Executive Board

Interim Group Management Report

Overall Economic Situation and State of the Industry

Global Economy Continues on Moderate Growth Track – Pace of Economic Recovery in Industrialized Countries Increases

In the second half of 2013, the global economy is continuing on its moderate growth track. Regional momentum, though, still diverges significantly and fiscal-policy risks remain high. Among industrialized countries, such as the USA and Japan, economic growth is solid and the eurozone is gradually working its way out of recession. In emerging markets, such as China, India and Brazil, the economy is slowing, but growth rates there are still substantially higher than in advanced economies. The domestic disputes surrounding the US federal budget and the violent unrest in Egypt and Syria represent serious threats to the global economic outlook. Moreover, the European financial and sovereign-debt crisis has not lost much of its risk potential so far.

In its most recent forecast, the International Monetary Fund (IMF) lowered its growth estimates for the world economy by 0.3 percentage points, now expecting an increase of 2.9 percent for full-year 2013. World GDP expansion would then come in noticeably below last year (3.2 percent). In the emerging markets of Asia, South America and Eastern Europe, GDP is projected to rise by 4.5 percent (2012: 4.9 percent). For the advanced economies, the IMF expects an increase of 1.2 percent (2012: 1.5 percent).[1]

Overall growth in the emerging economies of Asia will slow slightly to a projected 6.3 percent in 2013 (2012: 6.4 percent). China, India and the ASEAN nations will remain the main engines of world economic growth. The IMF expects China's GDP to increase by 7.6 percent this year (2012: 7.7 percent), with the Indian economy expanding by 3.8 percent (2012: 3.2 percent). The fund anticipates substantially lower 2013 growth in Latin America (2.7 percent) and in the countries of Central and Eastern Europe (2.3 percent).[1]

In Japan, the government's expansionary economic policies continue to stimulate the domestic economy. Accordingly, the IMF sees Japan's GDP climbing by 2.0 percent this year (2012: 2.0 percent).[1]

For the USA, the IMF anticipates growth of 1.6 percent in full-year 2013 (2012: 2.8 percent).[1] The fund's forecast is largely in line with the Organisation for Economic Co-Operation and Development (OECD), which predicts a 1.7-percent rise for the USA.[2] Despite the worries caused by the US federal budget crisis, the positive effects of rising employment and household wealth have been strengthening domestic demand and, hence, the US economy as a whole.

[1] International Monetary Fund, World Economic Outlook: Transitions and Tensions, Washington, D.C., October 8, 2013
[2] Organisation for Economic Co-Operation and Development (OECD), Interim Economic Assessment: A moderate recovery in the advanced economies, but global growth is sluggish and risks remain, Paris, September 3, 2013

Although the second quarter saw the eurozone overcoming a recessionary phase, the region is expected to post negative GDP growth of –0.4 percent for full-year 2013 (2012: –0.6 percent).[1] There are increasing signs of a eurozone recovery, but with momentum varying significantly across the individual countries. In Germany and France, for example, the latest OECD projections indicate an economic uptrend in the second half of 2013 and an increase in full-year GDP.[2] Spain and Italy, conversely, will remain in recession this year according to the IMF estimates.[1]

In Germany, strong domestic demand – fueled by consumer spending and investments in construction and capital goods – increased the country's second-quarter GDP by 0.7 percent. For the second half of 2013, the German government anticipates a more moderate pace of growth.[3] According to the IMF, Germany will grow 0.5 percent in full-year 2013 (2012: 0.9 percent). This is essentially in line with the projections of Germany's leading economic institutes, whose autumn forecast indicates that German GDP will increase by 0.4 percent this year. Looking further ahead, the economic experts are optimistic about the outlook. They see the German economy on the verge of an upturn in autumn 2013.[4]

During Q2 2013, the German chemical industry benefited from rising domestic and international demand. According to the German Chemical Industry Association (VCI), the sector increased production output by 2.6 percent compared with the prior-year period. Prices for chemical products declined, however. As a result, sales only climbed by 1.6 percent year on year. In the second half, the VCI expects chemicals to pick up further. For full-year 2013, sector sales are projected to rise by 1 percent to €188.7 billion amid somewhat lower prices.[5] At WACKER, the chemical divisions' total third-quarter sales came in at about the same level as the prior-year period and Q2 2013. The Group's chemical divisions' performance was dampened by persistent price pressure, particularly on standard products, by weaker-than-expected volume growth and by unfavorable exchange-rate effects.

In the semiconductor market, Gartner's market-research experts expect silicon-wafer demand to decrease in the second half of 2013, mainly due to sluggish sales volumes for computers, tablet PCs and smartphones. For the full year, Gartner's experts anticipate that global volumes (by surface area sold) will decline by 0.2 percent on the previous year. In July 2013, they had predicted 2.5 percent growth for the full year. Volumes are expected to be especially subdued in the 300 mm segment, where the latest Gartner analysis indicates a decline of 2.3 percent for the full year. Amid persistent pressure on silicon-wafer prices and the euro's strength against the US dollar and Japanese yen, global revenues at wafer manufacturers are projected to decline to $8.01 billion in full-year 2013 – down 13.2 percent relative to last year.[6] At WACKER's semiconductor business, Siltronic lifted its third-quarter volumes compared with last year and the preceding 2013 quarter. Because of lower prices, however, sales did not match the levels reached in Q3 2012 and Q2 2013. Additionally, negative exchange-rate effects impacted year-on-year performance.

[1] International Monetary Fund, World Economic Outlook: Transitions and Tensions, Washington, D.C., October 8, 2013
[2] Organisation for Economic Co-Operation and Development (OECD), Interim Economic Assessment: A moderate recovery in the advanced economies, but global growth is sluggish and risks remain, Paris, September 3, 2013
[3] Federal Ministry of Economics and Technology, monthly report ("Schlaglichter der Wirtschaftspolitik") for October 2013; September 25, 2013
[4] Joint Economic Forecast Project Group, Autumn Forecast 2013, Economy Picking up – Put Budget Surpluses to Good Use, Essen, October 15/17, 2013
[5] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 2nd quarter 2013, Frankfurt, September 4, 2013
[6] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 3Q 13 Update, Stamford (USA), September 17, 2013

In the global solar industry, prospects have brightened since the temporary resolution of the trade dispute between China and the European Union. A final decision, though, about punitive tariffs on imports of Chinese solar products to Europe is not due until December. In their July 2013 market estimate, the analysts at Citigroup expect new installations of photovoltaic capacity worldwide to climb to over 35 gigawatts in full-year 2013 – a year-on-year increase of 11 percent.[1] WACKER anticipates that new photovoltaic installations this year will range between 35 and 40 gigawatts. While growth in the European market is now slowing, demand is likely to continue to rise in the USA and Asia. In Germany, experts at Citi Research forecast that solar installations will increase by 3.5 gigawatts this year (2012: 7.6 gigawatts). The projected full-year increase in the USA is 4 gigawatts (2012: 3.3 gigawatts). In Asia, new installations especially in China (8 gigawatts) and Japan (7 gigawatts) are driving the industry.[1] During Q3 2013, WACKER POLYSILICON increased its sales volumes markedly. At the same time, however, prices for solar silicon were approximately one-third lower than a year ago. Accordingly, the division's third-quarter sales were down over 12 percent year on year.

Sales and Earnings for the WACKER Group

Positive Impact of Volume Growth on Sales Dampened by Price Pressure in Many Segments

In Q3 2013, WACKER generated sales of €1,165.4 million after €1,200.9 million in the same period last year, a decline of 3 percent. Relative to the preceding quarter (€1,150.3 million), Group sales were up over 1 percent. Price pressure was the main factor noticeably impeding sales performance in the third quarter. Additionally, sales were held back by exchange-rate effects attributable to the weaker US dollar and yen. Strong volume growth in some areas could not fully compensate for these factors. For the nine months through September 2013, WACKER's total sales came in at €3,392.0 million after €3,617.7 million in the year-earlier period, down some 6 percent year on year.

The three chemical divisions – WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS – generated combined third-quarter sales of €732.9 million after €746.2 million last year. Chemical sales were thus about 2 percent below both last year and the second quarter of 2013 (€751.1 million). During the reporting period, chemical volumes did not grow as strongly as expected. Overall, they were somewhat higher than in the year-earlier quarter and Q2 2013. This volume growth, though, did not fully make up for price declines, which were sometimes substantial, especially for standard products. Additionally, weak economic momentum in Europe and unfavorable year-on-year exchange rates held back third-quarter sales at the chemical divisions.

WACKER SILICONES profited from healthy demand for silicone rubber and products for industrial and medical-engineering applications in the July-through-September period. Volumes of pyrogenic silica were also high. Thanks to increased volumes, total sales at the division in Q3 2013 almost matched the prior-year figure, despite lower prices. Relative to the preceding quarter, sales were down just under 2 percent for price reasons.

WACKER POLYMERS sold about 5 percent more dispersible polymer powder in Q3 2013 than in the corresponding prior-year period. Dispersions for the carpet industry also performed well for the division. At the same time, however, prices for dispersions and dispersible polymer powders were somewhat lower than in Q3 2012 and in Q2 2013. For this reason, and also due to negative exchange-rate effects, sales were down some 3 percent from a year ago and from the preceding quarter.

Third-quarter sales at WACKER BIOSOLUTIONS were slightly below both the prior-year period and Q2 2013. Higher volumes could not fully compensate for the somewhat lower

[1] Citi Research, Global demand: China-EU trade solution, London, July 31, 2013

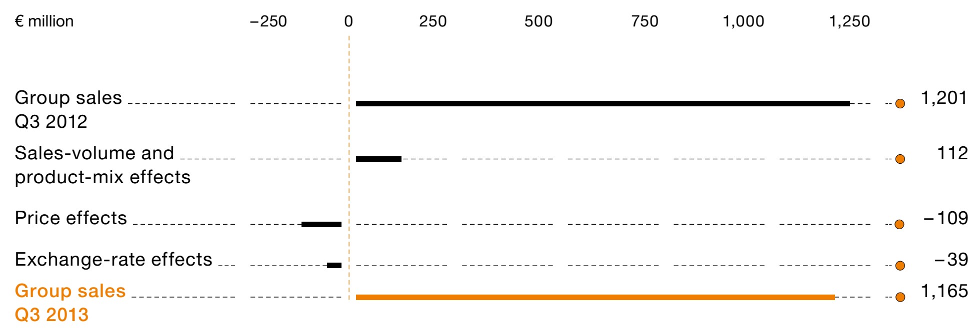
prices of certain products or for the impact of the weaker US dollar. In cyclodextrins and gumbase polymers, demand was especially positive. In contrast, sales of the specialty chemical acetylacetone were down year on year.

In the quarter under review, WACKER POLYSILICON benefited from China and the EU reaching a compromise in the solar-product trade dispute and from China not imposing punitive tariffs on European polysilicon to date. Both developments restored confidence among market participants and revived demand for solar silicon. The volume of polysilicon sold by the division in Q3 2013 was much higher than in both the preceding quarter and the prior-year period. Prices between July and September were largely unchanged from the second quarter. They remain very low, however, about one-third below the prior-year level. In total, WACKER POLYSILICON's third-quarter sales were down 12 percent from a year earlier, but were 16 percent higher than in April through June 2013.

Siltronic's semiconductor business remained subdued in July through September 2013. Silicon-wafer volumes came in slightly higher than in the prior-year quarter and Q2 2013, but prices were still under pressure. Unfavorable exchange-rate effects additionally impeded sales. Although Siltronic's total sales remained roughly stable at the second-quarter level, they were around 16 percent lower year on year due to prices and exchange-rate effects.

Overall, volume growth and positive product-mix effects combined to increase WACKER's third-quarter sales by about 9 percent compared with a year earlier. Conversely, lower prices in many product segments reduced sales by 9 percent. In addition, exchange-rate effects diminished sales by 3 percent in July through September 2013. The average euro exchange rate in the reporting period was $1.32, having risen by almost 6 percent since Q3 2012 ($1.25). Compared with the preceding quarter ($1.31), the euro appreciated only marginally. The persistent weakness of the Japanese yen against the euro (Q3 2013: ¥131, Q3 2012: ¥98 and Q2 2013: ¥129) is intensifying price pressure, particularly in the semiconductor market. In Q3 2013, WACKER invoiced some 32 percent of its sales in US dollars, compared with 33 percent a year earlier. The US dollar thus remains the foreign currency with the biggest influence on the Group's business.

G 2.1 Year-on-Year Sales Comparison



Plant Utilization at High Levels

Amid the generally good situation for volumes and demand, WACKER's plants were well utilized in every division during Q3 2013. Since the preceding quarter, capacity utilization rose again at several segments. During the reporting period, WACKER SILICONES' plants were running at almost full capacity. WACKER POLYMERS reported average utilization of about 80 percent at its dispersions and dispersible polymer powder plants. At WACKER POLYSILICON, capacity utilization again rose appreciably in the quarter under review thanks to buoyant customer demand. Toward late September, its facilities were running at almost full capacity. During the quarter under review, Siltronic's plants ran at capacities ranging on average from 80 percent to over 90 percent, depending on the wafer diameter.

The performance of each of WACKER's five divisions during the third quarter of 2013 is described in detail in the "Division Results" section of this Interim Report, starting on page 36.

Moderate Economic Growth and Some Price-Pressure Increases Impede Business in WACKER's Major Sales Regions

In the third quarter of 2013, sales at WACKER were below prior-year levels in every region of the world. There are various reasons for this overall trend. Lower year-on-year prices for polysilicon and semiconductor wafers have adversely affected business, especially in Asia and the Americas. Sales in the USA were further reduced by the weaker dollar. In Europe, the weak economy prevented a more positive sales trend. It has become increasingly apparent in the solar industry that Europe has ceased to be the most important market for photovoltaic systems. The strongest future growth in this sector will come from Asia and the USA. Thanks mainly to higher volumes, WACKER posted slightly higher sales in Asia and Germany compared with Q2 2013 and maintained its second-quarter performance in the Americas. In Europe and "Other Regions," however, sales came in somewhat lower than in the April-through-June period.

Asia remained by far the most significant market for the WACKER Group in Q3 2013, with some 40 percent (Q3 2012: 40 percent) of the Group's total sales being generated in this region. At €470.3 million (Q3 2012: €481.5 million), sales in Asia were down more than 2 percent year on year. The WACKER POLYMERS and WACKER BIOSOLUTIONS chemical divisions further improved their sales in the region. Sales at WACKER SILICONES almost reached the prior-year level. Thanks to the strong increases in volumes, WACKER POLYSILICON grew its sales in Asia, more than offsetting lower price levels. Conversely, significant price declines in particular have left their mark on Siltronic's semiconductor business in the region, and the weak yen is pushing silicon-wafer prices even lower. Compared with the preceding quarter (€448.3 million), WACKER increased total Group sales in Asia by about 5 percent. In the nine months from January through September, Group sales in the region totaled €1,353.3 million (9M 2012: €1,457.9 million), a decrease of approximately 7 percent.

In Europe, WACKER achieved July-through-September sales of €279.6 million in 2013, just under 1 percent less than a year ago (€282.2 million). The three chemical divisions – WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS – posted slightly higher combined sales in Europe. Semiconductor wafers and solar silicon, though, saw sales fall well short of the respective prior-year figures, mainly due to lower prices. Furthermore, the weak economic situation remained a major factor in the market during the quarter under review, with gross domestic product still negative in many European countries. Relative to Q2 2013 (€289.2 million), the Group's sales in the region were down more than 3 percent. WACKER's total sales in Europe for the first nine months of 2013 amounted to €825.5 million compared with €850.7 million in the same period last year – a decline of 3 percent.

In Germany, WACKER's third-quarter sales amounted to €170.2 million – down just under 1 percent from a year ago (€172.2 million), but up more than 3 percent on Q2 2013 (€164.7 million). These figures reflect, among other things, the fact that the German economy has performed comparatively well in a European context. In the nine months through September 2013, WACKER posted total sales of €494.8 million in Germany after €529.8 million last year, a decrease of 7 percent.

At €202.1 million, the WACKER Group's July-through-September sales in the Americas were down 8 percent year on year (Q3 2012: €219.9 million). Most of this decline stemmed from substantially weaker semiconductor-wafer sales. Exchange-rate effects also had a significant impact on the sales trend. Sales held steady relative to Q2 2013 (€201.9 million).

In the first nine months of 2013, total sales in the Americas came in at €587.7 million after €651.6 million a year ago, a decline of just under 10 percent.

WACKER's sales in the markets combined under "Other Regions" totaled €43.2 million in Q3 2013, after €45.1 million in Q3 2012 and €46.2 million in Q2 2013. Between January and September 2013, total sales in "Other Regions" came in at €130.7 million compared with €127.7 million in the same period last year.

Overall, WACKER generated about 85 percent of its third-quarter sales with customers outside Germany (Q3 2012: 86 percent).

T 2.1 Group Sales by Region

€ million	Q3 2013	Q3 2012	Change in %	9M 2013	9M 2012	Change in %	% of Group sales
Asia	470.3	481.5	–2	1,353.3	1,457.9	–7	40
Europe (excluding Germany)	279.6	282.2	–1	825.5	850.7	–3	24
Germany	170.2	172.2	–1	494.8	529.8	–7	15
The Americas	202.1	219.9	–8	587.7	651.6	–10	17
Other regions	43.2	45.1	–4	130.7	127.7	2	4
Total sales	1,165.4	1,200.9	–3	3,392.0	3,617.7	–6	100

Please refer to WACKER's 2012 Annual Report (pages 49 to 52) for more detailed information on the Group's business and growth potential in the relevant markets, as well as on the respective market and competitive positions of the Group's divisions. There were no material changes in this respect during Q3 2013.

Overall Costs for Raw Materials and Energy Virtually Unchanged

The prices of energy and of WACKER's most important raw materials changed only marginally overall in the third quarter of 2013, both year on year and quarter on quarter. Silicon metal was approximately 8 percent less expensive in the quarter under review than a year ago. Compared with Q2 2013, there was practically no change in the price level. Methanol, on the other hand, cost 11 percent more than in Q3 2012. Prices of ethylene and vinyl acetate monomer (VAM) saw a year-on-year increase of about 1 percent. The cost of ethylene was 2 percent lower relative to the preceding quarter, while VAM was over 3 percent cheaper. Silicon and methanol prices were on a par with the preceding quarter. The prices of natural gas and electricity in Germany dropped somewhat. Natural gas was about 10 percent less expensive in Q3 2013 than a year ago, and the cost of electricity decreased by 8 percent in the same period. Relative to the period from April through June 2013, electricity cost about 3 percent less. The price of natural gas remained at the preceding quarter's level. Overall, price changes in raw materials and energy had a slightly positive impact on Group earnings in the period from July through September 2013.

Low Solar-Silicon Prices Reduce Earnings – Third-Quarter EBITDA Margin at 14.4 Percent

In Q3 2013, Group EBITDA amounted to €167.9 million after €206.1 million last year, a decline of almost 19 percent. The corresponding quarter-on-quarter decrease was almost 11 percent (Q2 2013: €188.2 million). The EBITDA margin was 14.4 percent, compared with 17.2 percent in Q3 2012 and 16.4 percent in Q2 2013. The sustained low price levels for polysilicon were the main factor slowing WACKER's earnings trend in Q3 2013. EBITDA for the quarter under review included €13.2 million in retained advance payments and damages received stemming from terminated contracts with polysilicon customers. For the nine months through September 2013, aggregate Group EBITDA amounted to €520.6 million (9M 2012: €661.5 million) with an EBITDA margin of 15.3 percent (9M 2012: 18.3 percent).

Q3 EBITDA at WACKER POLYSILICON was just under 41 percent lower than a year ago. This decline was essentially due to low solar silicon prices, which were down about one-third from their prior-year levels. The sale of solar silicon from inventories, together with the drop in quarter-on-quarter production output, reduced earnings as well. Additionally, WACKER POLYSILICON retained fewer advance payments and received less in damages in connection with terminated contracts in Q3 2013 than in the April-through-June period. Consequently, divisional EBITDA was down by just under 27 percent quarter on quarter, even though prices remained at the same level as in the preceding quarter.

In July through September 2013, prices for silicon wafers were down by some 15 percent from a year ago. In spite of this decline, Siltronic delivered positive EBITDA in Q3 2013, indicating that the division's efforts to lower production costs and enhance plant utilization are proving effective. However, because of the ongoing price pressure, and also due to unfavorable exchange-rate effects, Siltronic's third-quarter EBITDA fell more than €4 million short of the respective figures for Q3 2012 and Q2 2013.

At €109.6 million, the combined EBITDA of the three chemical divisions – WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS – was about 3 percent lower than in the prior-year period (€113.4 million) and about 6 percent lower than in Q2 2013 (€116.6 million). Lower prices for certain product lines, especially in the standard-product segment, are the main reason for the decrease. Unfavorable exchange-rate effects played a part as well.

In fiscal 2013, WACKER is applying – for the first time – the revised version of IAS 19, which governs the recognition and measurement of provisions for pensions. The revisions also have a limited effect on the Group's income statement. In accordance with the new requirements, the earnings figures were adjusted for the prior-year quarters. Divergences from figures published last year range between €1 million and €3 million per quarter. The changes are presented in detail in the Notes section of this Interim Report under "Changes in Accounting and Valuation Methods," starting on page 65.

The profitability trend of each of WACKER's five divisions in Q3 2013, and the respective key factors involved, are described in detail in the "Division Results" section of this Interim Report, starting on page 36.

The Group's earnings before interest and taxes (EBIT) from July through September 2013 fell to €35.1 million compared with €72.5 million in the same period last year. This decline was due to the factors described above. The corresponding EBIT margin was 3.0 percent (Q3 2012: 6.0 percent). In Q2 2013, WACKER had generated EBIT of €52.5 million, corresponding to an EBIT margin of 4.6 percent. For the nine months through September 2013, Group EBIT was €119.8 million (9M 2012: €268.3 million), which corresponds to an EBIT margin of 3.5 percent (9M 2012: 7.4 percent).

Third-Quarter Sales and Earnings Essentially in Line with Expectations

Overall, the WACKER Group's third-quarter sales and earnings developed in line with Executive Board expectations on publication of the interim report for Q2 2013. Certain discrepancies did occur in the individual segments. For example, price pressure in the chemicals business turned out to be somewhat stronger than had been expected mid-year. Although the chemical divisions sold slightly higher volumes overall, these could not fully offset the effects of that pressure. On the other hand, the compromise in the solar dispute between China and the European Union revived demand for polysilicon more strongly than WACKER had anticipated in early July. WACKER POLYSILICON sold much more polysilicon in Q3 2013 than in the preceding quarter – albeit at prices that remain very low. Demand and prices in the semiconductor business developed essentially in line with the Group's expectations. As forecast, the level of capital expenditures in the quarter under review was less than half that of the prior-year period. Raw-material costs also developed as expected at the start of the third quarter. The cost-cutting measures initiated by WACKER at its divisions proceeded as planned during the quarter under review.

Third-Quarter Earnings per Share at €0.09

The WACKER Group generated net income of €5.4 million from July through September 2013 (Q3 2012: €28.8 million). For Q3 2013, earnings per share amounted to €0.09 (Q3 2012: €0.54). For the nine months through September 2013, net income came in at €25.6 million (9M 2012: €131.7 million). In addition to the factors already described, net income for the period was affected by a relatively high tax rate and by interest expenses that increased relative to the previous year. Earnings per share for the first nine months of 2013 amounted to €0.45 (9M 2012: €2.60).

Focused Investments in Strategic Growth Projects

In Q3 2013, WACKER invested €98.2 million (Q3 2012: €291.4 million) to expand production capacity. This decline of some 66 percent was due to project-related factors. Relative to Q2 2013 (€131.3 million), investment spending was down by about 25 percent – a sign that WACKER has largely completed, or extended the timeline for, its capital-intensive large-scale investments in new upstream facilities. From January through September 2013, capital expenditures amounted to €350.7 million, compared with €722.4 million in the same period last year.

Investment activities continued to center on the construction of the new polysilicon site at Charleston, Tennessee (USA), which accounted for over half of the Group's capital expenditures in the quarter under review. Completion of the site is expected by mid-2015. At the Nanjing site in China, WACKER is currently building a new plant to produce polyvinyl acetate solid resins, which will have an annual capacity of 20,000 metric tons. Construction of the new plant is expected to be completed toward year-end. This new capacity will allow WACKER to meet rising demand from its Asian customers.

Net Cash Flow Climbs to €165 Million in Q3 2013

In the third quarter of 2013, WACKER generated net cash flow of €164.7 million (Q3 2012: €–90.4 million). This significant increase is the result of lower investment spending and higher inflows of cash from operating activities, for example through the reduction of polysilicon inventories. In the nine months through September 2013, net cash flow totaled €190.8 million (9M 2012: €–294.9 million). Net financial debt came down by more than €130 million during the quarter under review. As of the September 30, 2013, reporting date, it amounted to €688.1 million (June 30, 2013: €820.0 million). Net financial debt at the end of Q3 2012 had stood at €411.3 million.

Additional details regarding cash flows are discussed in the "Condensed Statement of Cash Flows – Financial Position" section of this Interim Report, starting on page 34.

Research and New Products Focused on User Benefits

The WACKER Group spent €40.6 million on R&D activities between July and September 2013 (Q3 2012: €42.0 million). Total expenditures on research and development in the first nine months amounted to €122.8 million (9M 2012: €129.0 million).

During Q3 2013, the WACKER Group's divisions introduced a specialist public to a number of innovations and to diverse high-grade products for a wide variety of application fields. Here are a few examples:

- At the Institute of Food Technologists Annual Meeting & Food Expo 2013, which took place in Chicago in mid-July 2013, WACKER introduced CAVAMAX® W6 alpha-cyclodextrin, a novel vegetarian-grade stabilizer for food applications, such as cake icings with no solid fat or egg-free fillings for confectionery products. As water-soluble dietary fiber, alpha-cyclodextrin has been shown to have a positive effect on blood cholesterol and can reduce the spike in blood sugar occurring after meals.

- In mid-September, at the ABRAFATI 2013 tradeshow in São Paulo, Brazil, WACKER showcased two new vinyl acetate- and ethylene-based dispersions as binders suited for sophisticated adhesive solutions. VINNAPAS® EP6300 and VINNAPAS® EP7000 enable the formulation of high-performance, water-based adhesives with a broad variety of uses, such as for bonding paper labels to plastic bottles, for flooring applications and for construction. Both products are manufactured without the use of alkylphenol ethoxylates (APEOs).

- In mid-October, K 2013, the 19th International Trade Fair for Plastics and Rubber, captured the attention of a broad-based specialist public. At the tradeshow, WACKER presented a number of innovative products to its customers. Exhibits not only included VINNEX®, a binder for the next generation of bioplastics, but also highly transparent LUMISIL® liquid silicones for optical elements, as well as particularly heat-resistant silicones for automotive applications.

The Group's central R&D activities and priorities, as well the separate R&D fields of WACKER's divisions, are described in detail on pages 95 to 102 of the 2012 Annual Report. The goals and priorities presented there did not change substantially in Q3 2013.

New WACKER Sustainability Report Meets Highest Standards

In early September, Wacker Chemie AG published its new Sustainability Report for 2011 and 2012. Appearing for the first time ever as an online-only version – due also to environmental considerations – the report fully meets the G3 guidelines set by the Global Reporting Initiative (GRI). GRI evaluated the report and accorded it an A, its highest reporting category. With its new Sustainability Report, WACKER provides a comprehensive account of its sustainability activities to its stakeholders and to the general public. The company has expanded on its last report to cover more topics, including specific energy targets and figures on indirect energy consumption. The facts and figures in the Sustainability Report illustrate that WACKER has made substantial progress in many areas that are of importance to sustainable business management. For example, the company has reduced its specific energy consumption by 22 percent since 2007.

English and German versions of the online report are accessible at www.wacker.com/sustainabilityreport. Additionally, the report is available for download as a printable PDF file at www.wacker.com/sustainability.

WACKER Successfully Completes Phase II Registration in European REACH Process

In July 2013, WACKER registered a further 67 substances under REACH, the European regulatory framework for chemicals. The required substance files were submitted on time to the European Chemicals Agency (ECHA) in Helsinki, Finland. Roughly half of the substance files to be submitted to ECHA have thus now been registered. This ensures that WACKER can continue to produce these substances and the products manufactured from them at all WACKER sites within the EU, and import them into other EU countries as well.

Inspiring a Spirit of Innovation and Research in All Age Groups

This year's Alexander Wacker Innovation Award was presented in late July 2013 to a Siltronic project team for developing a novel process used in the production of silicon wafers. Known as the granular float zone process, it constitutes a refinement of the conventional float zone technique and opens up interesting technological prospects for the special wafers that form the basis of high-performance devices. This year's €10,000 innovation award focused on process innovation.

In early July, WACKER launched its latest experiment kit under the $CHEM_2DO$ slogan. The kit – which is designed for junior and senior high school students – contains a total of eight experiments involving silicones and cyclodextrins. Chemistry teachers who want to do the experiments in class can receive training at teacher-training centers run throughout Germany by the Society of German Chemists. The kit is supplied to schools free of charge. WACKER's aim for the experiment kit is to get young people interested in chemistry, and to provide chemistry teachers with teaching aids featuring innovative materials.

Employee Numbers Down Slightly in Q3 2013

The workforce at WACKER declined by 1 percent during the third quarter of 2013. On September 30, 2013, WACKER had 16,074 employees worldwide (June 30, 2013: 16,203), down 2 percent from a year ago (Sept. 30, 2012: 16,433).

As of September 30, 2013, WACKER had 12,399 employees in Germany (June 30, 2013: 12,501) and 3,675 at its international sites (June 30, 2013: 3,702).

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

Condensed Statement of Income – Earnings

January 1 through September 30, 2013

T 2.2 Condensed Statement of Income

€ million	Q3 2013	Q3 2012*	Change in %	9M 2013	9M 2012*	Change in %
Sales	1,165.4	1,200.9	–3.0	3,392.0	3,617.7	–6.2
Gross profit from sales	167.9	209.6	–19.9	473.2	668.1	–29.2
Selling, R&D and general administrative expenses	–132.9	–136.5	–2.6	–398.2	–420.3	–5.3
Other operating income and expenses	7.9	–0.9	n.a.	70.6	25.3	>100
Operating result	42.9	72.2	–40.6	145.6	273.1	–46.7
Result from investments in joint ventures and associates	–7.8	0.3	n.a.	–25.8	–4.8	>100
EBIT	35.1	72.5	–51.6	119.8	268.3	–55.3
Financial result	–23.4	–14.8	58.1	–59.1	–42.9	37.8
Income before taxes	11.7	57.7	–79.7	60.7	225.4	–73.1
Income taxes	–6.3	–28.9	–78.2	–35.1	–93.7	–62.5
Net income for the period	5.4	28.8	–81.3	25.6	131.7	–80.6
Of which						
Attributable to Wacker Chemie AG shareholders	4.6	26.8	–82.8	22.3	129.4	–82.8
Attributable to non-controlling interests	0.8	2.0	–60.0	3.3	2.3	43.5
Earnings per share (basic/diluted) (€)	0.09	0.54	–83.3	0.45	2.60	–82.7
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–
Reconciliation to EBITDA						
EBIT	35.1	72.5	–51.6	119.8	268.3	–55.3
Depreciation/appreciation of noncurrent assets	132.8	133.6	–0.6	400.8	393.2	1.9
EBITDA	167.9	206.1	–18.5	520.6	661.5	–21.3

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

Amid persistently challenging economic and sector-specific conditions, WACKER posted continued quarter-on-quarter sales growth in Q3 2013 and almost reached the prior-year level. The Group's EBITDA, though, came in below the preceding quarter and the year-earlier quarter. At WACKER POLYSILICON in particular, EBITDA decreased both quarter on quarter and year on year. The division, however, was able to grow total sales noticeably compared with Q2 2013, since its customers responded positively to the compromise reached in the solar dispute between the European Union and China. In July through September, the division's customers purchased significantly more polysilicon than in the preceding quarter. Polysilicon prices remain very low, however. At Siltronic, sales and EBITDA were down both quarter on quarter and year on year due to continuing price pressure in semiconductors and unfavorable currency-translation effects. Overall, the three chemical divisions maintained their sales at just about the level of both last year and the preceding quarter. Their EBITDA figures, though, were below last year's third quarter and the second quarter of 2013. Lower prices for certain product lines, especially in standard products, were the main reason for the decrease.

At €1.17 Billion, Sales 3 Percent Lower Than a Year Ago

In the quarter under review, WACKER generated further sales growth compared with Q2 2013. Group sales came in at €1,165.4 million (Q2 2013: €1,150.3 million) – an increase of 1 percent. The Group, however, could not match the Q3 2012 level (€1,200.9 million), with sales down 3 percent on the prior-year quarter. Considerably lower prices for solar silicon and semiconductor wafers were the main reason that Group sales were lower than a year ago. The chemical divisions, too, posted marginally lower sales than in Q3 2012. For the first nine months of 2013, sales totaled €3,392.0 million compared with €3,617.7 million in the same period last year, a decrease of 6 percent.

In the quarter under review, performance differed across the Group's business divisions for several reasons:

In the chemical divisions, volumes rose, while prices declined. The euro's strength compared with last year also impeded sales growth. WACKER SILICONES reported total Q3 2013 sales of €429.4 million, almost matching the year-earlier quarter (€432.1 million). Its sales declined by just under 2 percent compared with Q2 2013 (€437.2 million). Total sales for the first nine months amounted to €1,268.7 million after €1,256.0 million in the comparable period last year, an increase of 1 percent. WACKER POLYMERS generated third-quarter sales of €265.4 million (Q3 2012: €274.0 million), about 3 percent below both last year and the second quarter of 2013 (€273.4 million). Sales in the first nine months of 2013 amounted to €765.5 million (9M 2012: €783.9 million), equivalent to a decrease of over 2 percent. At WACKER BIOSOLUTIONS, total sales were €38.1 million in the reporting period compared with €40.1 million in the same quarter last year. Its third-quarter sales were thus about €2 million lower than both last year and the preceding quarter (€40.5 million). In the nine months through September 2013, WACKER BIOSOLUTIONS posted sales of €119.1 million (9M 2012: €121.4 million).

WACKER POLYSILICON generated sales of €235.7 million in Q3 2013 after €269.1 million in the year-earlier quarter, a decrease of 12 percent. Compared with the preceding 2013 quarter (€203.3 million), the division grew its sales by 16 percent. The dispute between the EU and China about punitive tariffs on Chinese photovoltaic systems, which had escalated in the preceding quarter, was resolved in late July, at least provisionally. As a result, demand for polysilicon revived noticeably, especially in August and September. At the same time, polysilicon prices stabilized at a low level compared with the preceding quarter. In the first three quarters of 2013, sales totaled €674.4 million compared with €922.5 million in the same period last year. The year-on-year decline was almost 27 percent.

Siltronic generated Q3 2013 sales of €197.1 million (Q3 2012: €234.7 million), down 16 percent year on year and almost 2 percent lower than the Q2 2013 figure of €200.1 million. Moderately higher volumes could not compensate for weak semiconductor-wafer prices nor for negative currency-translation effects. In the first nine months of 2013, sales amounted to €568.4 million (9M 2012: €683.2 million), a drop of just under 17 percent.

EBITDA of €168 Million in Q3 2013

WACKER's earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €167.9 million in the third quarter of 2013 (Q3 2012: €206.1 million). Down almost 19 percent year on year, earnings dropped 11 percent compared with Q2 2013 (€188.2 million). The third-quarter EBITDA margin was 14.4 percent (Q3 2012: 17.2 percent). In the first nine months of 2013, EBITDA amounted to €520.6 million, down 21 percent year on year (9M 2012: €661.5 million). Lower solar-silicon prices were the main reason that sales in both Q3 2013 and in the first nine months of the year were below the corresponding prior-year figures.

WACKER POLYSILICON achieved EBITDA of €46.6 million in Q3 2013 after €78.8 million in the year-earlier quarter, a drop of 41 percent. EBITDA in the first nine months of 2013 came in at €163.1 million (9M 2012: €349.3 million), down 53 percent from a year earlier.

In Q3 2013, EBITDA for the chemical divisions amounted to €109.6 million, over 3 percent below the comparable prior-year quarter (€113.4 million). In addition to lower prices, particularly for standard products, exchange-rate effects were a contributing factor in this decline. Relative to the preceding quarter (€116.6 million), the decrease amounted to 6 percent. In the first nine months of 2013, the chemical divisions achieved overall EBITDA of €322.5 million after €317.1 million in the same period last year – a rise of almost 2 percent.

Siltronic achieved positive EBITDA of €5.2 million in the reporting period (Q3 2012: €9.9 million). For the nine months through September 2013, EBITDA totaled €15.0 million compared with €–2.8 million a year earlier.

The WACKER Group's third-quarter earnings before interest and taxes (EBIT) decreased to €35.1 million (Q3 2012: €72.5 million), down 52 percent year on year. EBIT for WACKER in the first nine months of 2013 came to €119.8 million (9M 2012: €268.3 million). Depreciation in the third quarter amounted to €132.8 million (Q3 2012: €133.6 million) and, in the first nine months, totaled €400.8 million (9M 2012: €393.2 million).

The following non-recurring effects impacted Group EBITDA and EBIT. During the quarter under review, WACKER retained advance payments and received damages from customers due to terminated polysilicon contracts. This income benefited EBITDA and EBIT in Q3 2013 by a total of €13.2 million (Q3 2012: €2.1 million). An amount of €23.8 million was received in the preceding quarter. In the first nine months of 2013, income in the form of retained advance payments and damages received amounted to €69.3 million (9M 2012: €58.1 million). In 2012, the closure of 150 mm-wafer production at Portland had reduced EBITDA for Siltronic by €14.8 million.

Cost of Goods Sold Remains at Same Level

Gross profit from sales fell by €41.7 million year on year to €167.9 million, a decrease of just under 20 percent. The gross margin in the quarter under review was 14.4 percent. A year earlier, the figure had been 17.5 percent. Here, too, the decline was mainly due to markedly reduced sales – and lower margins – in both polysilicon and semiconductor wafers. Gross profit for the first three quarters of 2013 reached €473.2 million (9M 2012: €668.1 million), yielding a gross margin of 14.0 percent (9M 2012: 18.5 percent).

In the quarter under review, the cost of goods sold was €997.5 million, slightly above the year-earlier quarter's €991.3 million. For the first nine months of 2013, the corresponding figure was €2,918.8 million (9M 2012: €2,949.6 million). Generally well-utilized production facilities provided for good coverage of fixed costs, and slightly lower overall raw-material costs had a positive impact as well. In addition, a number of measures taken by WACKER helped to reduce the company's material and personnel expenses. Reductions in inventories, though, had a contrary effect on the cost of sales in the reporting period. The third-quarter cost-of-sales ratio was 85.6 percent compared with 82.5 percent in the prior-year period. For the first nine months, the cost-of-sales ratio came in at 86.0 percent (9M 2012: 81.5 percent).

Functional Costs

In Q3 2013, other functional costs (selling, R&D and general administrative expenses) were 3 percent lower year on year, amounting to €132.9 million (Q3 2012: €136.5 million). In the first nine months of 2013, they dropped by 5 percent compared with the same period last year. WACKER implemented a variety of measures this year to bring down material and personnel expenses.

Other Operating Income and Expenses

The third-quarter balance of other operating income and expenses was €7.9 million, whereas in Q3 2012 the two items had balanced each other out. Foreign currency gains and losses were almost balanced at €–1.8 million (Q3 2012: €–9.8 million). In the quarter under review, WACKER retained advance payments and received damages relating to terminated polysilicon contracts for a total amount of €13.2 million. The corresponding amount in Q3 2012 was €2.1 million. In the nine months through September 2013, the balance of other operating income and expenses totaled €70.6 million compared with €25.3 million in the year-earlier period. Foreign currency gains and losses were also balanced. A total of €69.3 million in advance payments retained and damages received was posted in the first nine months of the current year (9M 2012: €58.1 million). In the previous year, other operating income and expenses were especially influenced by costs for the closure of 150 mm-wafer production at Portland, which amounted to €14.8 million.

Operating Result

Due to the effects described above, the third-quarter operating result declined by 41 percent to €42.9 million relative to last year's €72.2 million. Compared with the second quarter of 2013 (€60.0 million), the decrease amounted to 29 percent. In the first nine months of the year, the operating result came in at €145.6 million compared with €273.1 million in the same period last year.

Result from Investments in Joint Ventures and Associates

As expected, the result from investments in joint ventures and associates was negative in the quarter under review, amounting to €–7.8 million (Q3 2012: €0.3 million). The aggregate investment loss for the first nine months of 2013 was €25.8 million (9M 2012: €–4.8 million). This aggregate loss is attributable to investment losses at the 300 mm-wafer joint venture with Samsung, which were caused by high depreciation and lower prices. As expected, profits from the joint venture with Dow Corning for the production of siloxane in China have declined significantly during 2013. This reduced profit is due to the lower transfer prices for siloxane that WACKER agreed with Dow Corning. In the past, these prices had a positive influence on the investment result.

Financial and Net Interest Result

The Group's third-quarter financial result amounted to €–23.4 million (Q3 2012: €–14.8 million), 58 percent down on one year earlier. The main reason for this decline was the company's higher debt level and the associated interest expenses for financial liabilities. Interest expenses came to €10.9 million after €5.7 million a year earlier. The effect of construction-related borrowing costs reduced interest expenses in the quarter only minimally, by €0.9 million (Q3 2012: €5.2 million). The third-quarter balance of interest income and interest expenses amounted to €–7.8 million (Q3 2012: €–2.2 million), with interest income almost constant year on year at over €3 million. In the first nine months of 2013, WACKER posted a financial result of €–59.1 million (9M 2012: €–42.9 million). While interest income was almost constant at €11.0 million, interest expenses for January through September 2013 totaled €30.2 million after €15.4 million in the same period last year.

The other financial result for Q3 2013 was €–15.6 million (Q3 2012: €–12.6 million). This item primarily comprised interest-bearing components of pension and other noncurrent provisions. It also included income and expenses from the exchange-rate effects of financial investments. For the first nine months of 2013, the balance amounted to €–39.9 million compared with €–38.8 million in the year-earlier period.

Income taxes

In Q3 2013, the Group reported tax expenses of €6.3 million (Q3 2012: €28.9 million), 78 percent lower than a year earlier. In the first nine months of 2013, tax expenses amounted to €35.1 million (9M 2012: €93.7 million). The tax rate in the first nine months of the current year was 57.8 percent (9M 2012: 41.6 percent). Income taxes in 9M 2013 consisted primarily of current tax expenses. The relatively high tax expenses primarily stemmed from the non-tax-deductible investment result and expenses and losses of international subsidiaries with no tax effect.

Net Income for the Period

Net income for the third quarter and first nine months of 2013 was lower due to the effects mentioned above. The Q3 figure decreased by 81 percent to €5.4 million (Q3 2012: €28.8 million). Compared with Q2 2013 (€15.1 million), net income for the reporting period was lower as well. For January through September 2013, net income came in at €25.6 million (9M 2012: €131.7 million).

Condensed Statement of Financial Position – Net Assets

September 30, 2013

T 2.3 Assets

€ million	Sept. 30, 2013	Sept. 30, 2012*	Change in %	Dec. 31, 2012*	Change in %
Intangible assets, property, plant and equipment, and investment property	3,844.8	3,830.9	0.4	3,949.9	–2.7
Investments in joint ventures and associates accounted for using the equity method	17.9	121.2	–85.2	41.0	–56.3
Other noncurrent assets	568.6	509.2	11.7	544.7	4.4
Noncurrent assets	4,431.3	4,461.3	–0.7	4,535.6	–2.3
Inventories	639.4	756.9	–15.5	712.1	–10.2
Trade receivables	681.6	672.1	1.4	600.2	13.6
Other current assets	837.4	857.8	–2.4	644.9	29.8
Current assets	2,158.4	2,286.8	–5.6	1,957.2	10.3
Total assets	6,589.7	6,748.1	–2.3	6,492.8	1.5

T 2.4 Equity and Liabilities

€ million	Sept. 30, 2013	Sept. 30, 2012*	Change in %	Dec. 31, 2012*	Change in %
Equity	2,167.4	2,081.7	4.1	2,121.3	2.2
Noncurrent provisions	1,353.5	1,613.2	–16.1	1,432.3	–5.5
Financial liabilities	1,273.2	911.2	39.7	958.5	32.8
Other noncurrent liabilities	634.0	880.5	–28.0	819.4	–22.6
Of which advance payments received	619.1	871.1	–28.9	803.4	–22.9
Noncurrent liabilities	3,260.7	3,404.9	–4.2	3,210.2	1.6
Financial liabilities	203.2	266.2	–23.7	238.7	–14.9
Trade payables	352.2	401.8	–12.3	379.8	–7.3
Other current provisions and liabilities	606.2	593.5	2.1	542.8	11.7
Current liabilities	1,161.6	1,261.5	–7.9	1,161.3	–
Liabilities	4,422.3	4,666.4	–5.2	4,371.5	1.2
Total equity and liabilities	6,589.7	6,748.1	–2.3	6,492.8	1.5

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

Total assets grew by almost 2 percent compared with December 31, 2012. As of September 30, 2013, the total climbed by €96.9 million to €6.59 billion (Dec. 31, 2012: €6.49 billion). One major reason for the increase was WACKER's placement in the USA of new senior unsecured notes in the amount of $400 million on April 23, 2013. Both liquidity and financial liabilities increased as a result. At the same time, liquidity was reduced by significant cash outflows for investment activity and the redemption of bank loans falling due. At the operating level, trade receivables in particular were higher, since business activity was strengthened by seasonal factors. Foreign-currency-translation effects reduced total assets by €63.3 million.

The prior-year figures for equity and liabilities given here differ markedly from those published by WACKER in the 2012 quarterly reports and 2012 Annual Report. Adoption of the new IAS 19 (revised) accounting standard "Employee Benefits" means pension provisions have increased substantially. At the same time, equity was reduced. The changes are presented in detail in the Notes section under "Changes in Accounting and Valuation Methods," starting on page 65.

Noncurrent Assets

Noncurrent assets fell by €104.3 million to €4.43 billion (Dec. 31, 2012: €4.54 billion), a decrease of 2 percent. They comprised 67 percent of total assets (Dec. 31, 2012: 70 percent). Property, plant and equipment decreased by €100.0 million in the first three quarters of 2013. The main reason for the reduction was lower capital expenditures after WACKER extended the timeline for constructing the production site in Charleston, Tennessee (USA). The Group invested €350.7 million in the first nine months of 2013, 52 percent less than a year ago. Depreciation consequently exceeded capital expenditures for January through September and amounted to €400.8 million. Exchange-rate movements decreased the value of noncurrent assets by €42.1 million. In total, intangible assets, property, plant and equipment, and investment property decreased from €3.95 billion at the end of 2012 to €3.84 billion at the September 30, 2013 reporting date.

Investments in associates accounted for using the equity method fell from €41.0 million to €17.9 million. This 56 percent decline was due to investment losses at the 300 mm-wafer joint venture with Samsung.

Other noncurrent assets and securities totaled €568.6 million as of September 30, 2013 (Dec. 31, 2012: €544.7 million), an increase of 4 percent. The noncurrent loans to joint ventures and associates amounted to €246.1 million on September 30, 2013 (Dec. 31, 2012: €256.2 million). Exchange-rate movements had a negative overall impact of €9.1 million on loans. New investments with maturities of more than one year increased noncurrent securities by €43.4 million to €104.5 million. Other noncurrent assets also include noncurrent derivative financial instruments, noncurrent income tax receivables, and deferred tax assets. Deferred tax assets totaled €175.5 million as of September 30, 2013 (Dec. 31, 2012: €182.0 million).

Current Assets

Current assets rose €201.2 million compared with last year, up 10 percent to €2.16 billion (Dec. 31, 2012: €1.96 billion). They accounted for 33 percent of total assets (Dec. 31, 2012: 30 percent). WACKER reduced inventories from 2012's high year-end level of €712.1 million to €639.4 million. Substantially higher sales compared with Q4 2012 caused trade receivables to rise by €81.4 million, an increase of 14 percent. Together, inventories and trade receivables accounted for 20 percent of total assets (Dec. 31, 2012: 21 percent).

Securities and cash and cash equivalents are a major component of other current assets. Current securities fell by €132.5 million to €110.5 million. Liquid funds grew by €380.7 million to €573.3 million. This increase is due in part to the added liquidity from the US$400 million raised through issuing senior unsecured notes. At the same time, there was an outflow of liquid funds for capital expenditures, dividend payouts and loan redemptions. Other current assets also include income tax receivables amounting to €16.7 million and other current receivables totaling €136.9 million.

Equity up Slightly

Group equity rose slightly relative to December 31, 2012, growing by €46.1 million to €2.17 billion (Dec. 31, 2012: €2.12 billion). As a result, the equity ratio was 32.9 percent (Dec. 31, 2012: 32.7 percent). A variety of factors influenced equity. Retained earnings were increased by €22.3 million through the net income for the period. At the same time, the dividend distributed reduced retained earnings by €29.8 million. Other equity items lifted equity, essentially as a result of the adjustment to provisions for pensions that was not recognized in the income statement. At the start of this year, WACKER switched to the new IAS 19 (revised) accounting and valuation principles for pension provisions. The remeasurement of defined benefit plans at the end of Q3 2013 resulted in only slightly higher actuarial losses. Changes from the remeasurement of defined benefit plans led to an increase in equity of €82.4 million from January through September 2013. Conversely, foreign currency-translation effects reduced equity by €32.7 million in the reporting period.

Noncurrent Liabilities

Noncurrent liabilities amounted to €3.26 billion as of September 30, 2013 (Dec. 31, 2012: €3.21 billion), up by just under 2 percent. Their share of total equity and liabilities was 49 percent (Dec. 31, 2012: 49 percent). The provisions for pensions declined by €68.4 million because a slightly higher discount rate was applied for revaluation than at the end of fiscal 2012. Provisions for pensions totaled €1.17 billion as of September 30, 2013, corresponding to 18 percent of total equity and liabilities. Other noncurrent provisions fell slightly as provisions for phased early retirement were reduced.

Noncurrent financial liabilities rose from €958.5 million at year-end 2012 to €1.27 billion, an increase of 33 percent. On April 23, 2013, WACKER issued US$400 million in senior unsecured notes in a private placement in the USA. The notes were offered with three maturities, namely five, seven and ten years. The transaction was based on standard market credit terms.

Other noncurrent liabilities decreased by 23 percent. They amounted to €634.0 million at the end of the first nine months (Dec. 31, 2012: €819.4 million) and essentially comprised advance payments received for polysilicon deliveries totaling €619.1 million. Reclassifications to the current category, and the retention of advance payments from terminated contracts, are the reason for the €184.3 million drop in noncurrent advance payments received.

Current Liabilities

Current liabilities of €1.16 billion were unchanged compared with December 31, 2012 (€1.16 billion). They represented 18 percent of total equity and liabilities. Trade payables declined by 7 percent to €352.2 million (Dec. 31, 2012: €379.8 million). There was a rise in current provisions and liabilities to €606.2 million (Dec. 31, 2012: €542.8 million), an increase of 12 percent. The change, in essence, reflects the buildup of provisions for personnel and for customer bonuses, along with an increase in liabilities for vacation leave and flextime. Current advance payments received and liabilities from derivative financial instruments relating to foreign exchange hedging also increased.

WACKER Posts Lower Net Financial Debt

Current financial liabilities dropped from €238.7 million at year-end 2012 to €203.2 million. The decrease was due to redeemed loans and credit lines no longer required for financing working capital. Overall, financial liabilities increased to around €1.48 billion (Dec. 31, 2012: €1.20 billion), accounting for 22 percent of total equity and liabilities. This compared with 18 percent at the end of fiscal 2012. Current liquidity (current securities, cash and cash equivalents) also rose compared with December 31, 2012. It amounted to €683.8 million (Dec. 31, 2012: €435.6 million) – an increase of 57 percent. Noncurrent securities rose from €61.1 million to €104.5 million. As of September 30, 2013, WACKER reported net financial debt (the balance of gross financial debt and noncurrent and current liquidity) totaling €688.1 million – close to 2 percent less than on December 31, 2012 (€700.5 million).

Off-Balance-Sheet Financing Instruments

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

Condensed Statement of Cash Flows – Financial Position

January 1 through September 30, 2013

T 2.5 Condensed Statement of Cash Flows

€ million	Q3 2013	Q3 2012*	Change in %	9M 2013	9M 2012*	Change in %
Net income for the period	5.4	28.8	–81.3	25.6	131.7	–80.6
Depreciation/appreciation of noncurrent assets	132.8	133.6	–0.6	400.8	393.2	1.9
Changes in inventories	27.9	–20.3	n.a.	72.4	–55.2	n.a.
Changes in trade receivables	20.4	2.5	>100	–88.5	–118.8	–25.5
Changes in other assets	33.7	11.8	>100	67.8	53.1	27.7
Changes in advance payments received	–46.8	–15.6	>100	–154.8	–89.6	72.8
Changes from equity accounting	9.9	1.0	>100	29.3	7.6	>100
Other non-cash expenses, income and other items	53.9	16.6	>100	78.0	45.1	72.9
Cash flow from operating activities (gross cash flow)	237.2	158.4	49.7	430.6	367.1	17.3
Cash flow from noncurrent investment activities before securities	–119.3	–264.4	–54.9	–394.6	–751.6	–47.5
Acquisition/disposal of securities	–53.1	–1.3	>100	80.3	88.2	–9.0
Cash flow from investment activities	–172.4	–265.7	–35.1	–314.3	–663.4	–52.6
Distribution of profit from prior-year net income	–	–	–	–31.2	–110.7	–71.8
Changes in financial liabilities	25.9	74.8	–65.4	297.6	401.1	–25.8
Cash flow from financing activities	25.9	74.8	–65.4	266.4	290.4	–8.3
Changes due to exchange-rate fluctuations	–1.1	–0.8	37.5	–2.0	0.8	n.a.
Changes in cash and cash equivalents	89.6	–33.3	n.a.	380.7	–5.1	n.a.
At the beginning of the period	483.7	502.1	–3.7	192.6	473.9	–59.4
At the end of the period	573.3	468.8	22.3	573.3	468.8	22.3

T 2.6 Net Cash Flow

€ million	Q3 2013	Q3 2012	Change in %	9M 2013	9M 2012	Change in %
Cash flow from operating activities (gross cash flow)	237.2	158.4	49.7	430.6	367.1	17.3
Changes in advance payments received	46.8	15.6	>100	154.8	89.6	72.8
Cash flow from noncurrent investment activities before securities	–119.3	–264.4	–54.9	–394.6	–751.6	–47.5
Net cash flow	164.7	–90.4	n.a.	190.8	–294.9	n.a.

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

The focus of our financial planning is on safeguarding WACKER's financial strength over the long term. In that respect the Group's business operations serve as the major source of liquidity. To enhance the financial scope for ongoing investment projects, WACKER decided to add long-term credit facilities to its financing strategy. To this end, the company issued senior unsecured notes in a private placement on the US market in Q2 2013. The transaction totaled $400 million, and the notes were offered with three maturities of five, seven and ten years. The loan commitments are governed by standard market credit terms. In comparison with the prior-year period, WACKER markedly scaled back its investment activity, having for the most part completed – or extended the timeline for – its construction of capital-intensive large-scale plants. For this reason, gross cash flow in both the third quarter and first nine months of the year once again exceeded cash flow from investment activity. On September 30, 2013, WACKER posted lower net financial debt than at the end of fiscal 2012.

Gross Cash Flow

Cash flow from operating activities (gross cash flow) totaled €430.6 million in the first nine months of 2013, exceeding the prior-year figure of €367.1 million by 17 percent. Compared with the first nine months of 2012, net income was down substantially, totaling €25.6 million from January through September 2013 (9M 2012: €131.7 million). At the same time, depreciation amounted to €400.8 million (9M 2012: €393.2 million) and provisions changed by €70.7 million (9M 2012: €112.3 million), enhancing gross cash flow. The increase in working capital (trade receivables less trade payables, plus inventories) was another positive impact, adding €21.0 million to gross cash flow. As expected, advance payments received for polysilicon deliveries in the first nine months of 2013 changed by €–154.8 million (9M 2012: €–89.6 million) in line with the deliveries made and the advanced payments retained in connection with terminated contracts.

Cash Flow from Investment Activities

Cash flow from noncurrent investment activities in the first nine months of 2013 amounted to €–394.6 million, substantially less than the 9M 2012 figure of €–751.6 million. Over 60 percent of the funds went toward continued construction at the polysilicon site in Charleston, Tennessee (USA). The extension of the timeline for completing the project lowered capital expenditures significantly in the reporting period.

Cash flow from investment activities in January through September 2013 amounted to €–314.3 million (9M 2012: €–663.4 million). Alongside fixed-asset investments, this item included cash receipts and payments for securities with a term of more than three months. Overall, maturing securities led to incoming payments during the reporting period.

Net Cash Flow

Net cash flow comprises cash flow from operating activities excluding advance payments received, and cash flow from noncurrent investment activity (excluding securities), taking account of additions from finance leases. In the first three quarters of 2013, net cash flow amounted to €190.8 million (9M 2012: €–294.9 million).

Cash Flow from Financing Activities

Cash flow from financing activities in the first nine months of 2013 came to €266.4 million (9M 2012: €290.4 million). The reported amount primarily reflects the cash received under the new issues of senior unsecured notes. The dividend payment by Wacker Chemie AG in the second quarter of 2013 led to an outflow of €29.8 million. The increase in cash and cash equivalents compared with December 31, 2012 was €380.7 million (9M 2012: €–5.1 million), taking the total to €573.3 million (9M 2012: €468.8 million).

Division Results

January 1 through September 30, 2013

T 2.7 Sales

€ million	Q3 2013	Q3 2012	Change in %	9M 2013	9M 2012	Change in %
WACKER SILICONES	429.4	432.1	−0.6	1,268.7	1,256.0	1.0
WACKER POLYMERS	265.4	274.0	−3.1	765.5	783.9	−2.3
WACKER BIOSOLUTIONS	38.1	40.1	−5.0	119.1	121.4	−1.9
WACKER POLYSILICON	235.7	269.1	−12.4	674.4	922.5	−26.9
SILTRONIC	197.1	234.7	−16.0	568.4	683.2	−16.8
Corporate functions/Other	48.1	41.1	17.0	141.1	128.1	10.1
Consolidation	−48.4	−90.2	−46.3	−145.2	−277.4	−47.7
Group sales	1,165.4	1,200.9	−3.0	3,392.0	3,617.7	−6.2

T 2.8 EBIT

€ million	Q3 2013	Q3 2012*	Change in %	9M 2013	9M 2012*	Change in %
WACKER SILICONES	39.6	36.2	9.4	120.1	104.7	14.7
WACKER POLYMERS	36.4	41.3	−11.9	98.2	102.2	−3.9
WACKER BIOSOLUTIONS	3.7	3.8	−2.6	13.3	15.5	−14.2
WACKER POLYSILICON	−11.8	21.5	n.a.	−12.5	181.9	n.a.
SILTRONIC	−17.4	−13.6	27.9	−54.1	−72.5	−25.4
Corporate functions/Other	−16.7	−16.1	3.7	−47.8	−62.2	−23.2
Consolidation	1.3	−0.6	n.a.	2.6	−1.3	n.a.
Group EBIT	35.1	72.5	−51.6	119.8	268.3	−55.3

T 2.9 EBITDA

€ million	Q3 2013	Q3 2012*	Change in %	9M 2013	9M 2012*	Change in %
WACKER SILICONES	59.2	57.4	3.1	179.2	166.7	7.5
WACKER POLYMERS	45.1	50.5	−10.7	125.2	129.9	−3.6
WACKER BIOSOLUTIONS	5.3	5.5	−3.6	18.1	20.5	−11.7
WACKER POLYSILICON	46.6	78.8	−40.9	163.1	349.3	−53.3
SILTRONIC	5.2	9.9	−47.5	15.0	−2.8	n.a.
Corporate functions/Other	5.2	4.6	13.0	17.4	−0.8	n.a.
Consolidation	1.3	−0.6	n.a.	2.6	−1.3	n.a.
Group EBITDA	167.9	206.1	−18.5	520.6	661.5	−21.3

T 2.10 Reconciliation with Segment Results

€ million	Q3 2013	Q3 2012*	Change in %	9M 2013	9M 2012*	Change in %
EBIT of reporting segments	50.5	89.2	−43.4	165.0	331.8	−50.3
Corporate functions/Other	−16.7	−16.1	3.7	−47.8	−62.2	−23.2
Consolidation	1.3	−0.6	n.a.	2.6	−1.3	n.a.
Group EBIT	35.1	72.5	−51.6	119.8	268.3	−55.3
Financial result	−23.4	−14.8	58.1	−59.1	−42.9	37.8
Income before taxes	11.7	57.7	−79.7	60.7	225.4	−73.1

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

WACKER SILICONES

T 2.11 WACKER SILICONES

€ million	Q3 2013	Q3 2012	Change in %	9M 2013	9M 2012	Change in %
Sales						
External sales	429.4	427.5	0.4	1,268.5	1,244.6	1.9
Internal sales	–	4.6	–100.0	0.2	11.4	–98.2
Total sales	429.4	432.1	–0.6	1,268.7	1,256.0	1.0
EBIT	39.6	36.2	9.4	120.1	104.7	14.7
EBIT margin (%)	9.2	8.4	–	9.5	8.3	–
Depreciation	19.6	21.2	–7.5	59.1	62.0	–4.7
EBITDA	59.2	57.4	3.1	179.2	166.7	7.5
EBITDA margin (%)	13.8	13.3	–	14.1	13.3	–
Investments	18.6	17.4	6.9	48.6	48.8	–0.4
As of	Sept. 30, 2013	June 30, 2013	Change in %	Sept. 30, 2013	Dec. 31, 2012	Change in %
Number of employees	4,108	4,137	–0.7	4,108	3,960	3.7

WACKER SILICONES posted total Q3 2013 sales of €429.4 million, almost matching the comparable prior-year period (€432.1 million). Business benefited from higher volumes, especially for silicone rubber, pyrogenic silica, and products for industrial and medical-technology applications. Growth, though, was dampened by persistent price pressure, particularly on standard products, and unfavorable exchange-rate effects due to the stronger euro. Consequently, sales dropped by almost 2 percent relative to the second quarter (€437.2 million). Amid strong customer demand, the division's plants were running at almost full capacity during the July-through-September period. In Germany, the rest of Europe, and the Americas, WACKER SILICONES grew its business moderately compared with a year ago. Sales in Asia almost reached Q3 2012 levels. In the first nine months of 2013, WACKER SILICONES' sales totaled €1,268.7 million (9M 2012: €1,256.0 million). Currently, the level of incoming orders indicates that demand over the next few months will match prior-year levels.

Price Pressure and Weak US Dollar Reduce Profitability

WACKER SILICONES generated third-quarter EBITDA of €59.2 million (Q3 2012: €57.4 million) – some 3 percent higher than a year ago and almost 11 percent less than in the second quarter (€66.3 million). The EBITDA margin for July through September 2013 was 13.8 percent, after 13.3 percent last year and 15.2 percent in the second quarter. Pressure on prices, particularly for standard products, held back profitability at WACKER SILICONES. Additionally, unfavorable exchange-rate effects due to the weaker US dollar also dampened earnings. In the nine months through September 2013, the division lifted its EBITDA to €179.2 million (9M 2012: €166.7 million) and achieved an EBITDA margin of 14.1 percent (9M 2012: 13.3 percent).

WACKER SILICONES invested €18.6 million in the third quarter of 2013 after €17.4 million a year ago. Capital expenditures focused primarily on expanding capacities for downstream silicone products. In the first three quarters of 2013, investments totaled €48.6 million compared with €48.8 million in the same period last year.

Continued Expansion of Sales Structures in Asia

To meet growing demand for silicones in Asia even more effectively, WACKER SILICONES continues to expand its operational and sales structures in this region. The division set up five new business teams to serve local markets in Asia. They are geared to providing customer support locally from WACKER sites in Singapore, Mumbai (India), Jincheon (South Korea) and Shanghai (China). Each of these teams utilizes not only local sales structures, but also region-specific technical centers, where products are adapted to local raw materials and customer specifications.

The number of employees at WACKER SILICONES decreased slightly in the third quarter. As of September 30, 2013, the division had 4,108 employees (June 30, 2013: 4,137).

WACKER POLYMERS

T 2.12 WACKER POLYMERS

€ million	Q3 2013	Q3 2012	Change in %	9M 2013	9M 2012	Change in %
Sales						
External sales	259.6	266.3	–2.5	749.7	761.3	–1.5
Internal sales	5.8	7.7	–24.7	15.8	22.6	–30.1
Total sales	265.4	274.0	–3.1	765.5	783.9	–2.3
EBIT	36.4	41.3	–11.9	98.2	102.2	–3.9
EBIT margin (%)	13.7	15.1	–	12.8	13.0	–
Depreciation	8.7	9.2	–5.4	27.0	27.7	–2.5
EBITDA	45.1	50.5	–10.7	125.2	129.9	–3.6
EBITDA margin (%)	17.0	18.4	–	16.4	16.6	–
Investments	8.1	16.4	–50.6	21.3	40.3	–47.1
As of	Sept. 30, 2013	June 30, 2013	Change in %	Sept. 30, 2013	Dec. 31, 2012	Change in %
Number of employees	1,381	1,380	0.1	1,381	1,365	1.2

WACKER POLYMERS achieved total sales of €265.4 million for the three months through September 2013 (Q3 2012: €274.0 million) – about 3 percent down on both last year and Q2 2013 (€273.4 million). The main reasons for the decline were lower average prices and unfavorable exchange-rate effects. Volumes of dispersible polymer powder rose by about 5 percent relative to Q3 2012. The amount of dispersions sold was at the prior-year level. Dispersions for carpet applications performed well, but the packaging segment was weaker. The division's sales in Asia grew about 3 percent year on year. In both Germany and the Americas, however, sales dropped about 7 percent compared with a year ago. Sales in all regions decreased slightly against Q2 2013. WACKER POLYMERS' plant utilization averaged around 80 percent in the quarter under review. In the first nine months of 2013, WACKER POLYMERS generated sales of €765.5 million (9M 2012: €783.9 million).

EBITDA 11 Percent Below Last Year Due to Prices and Exchange-Rate Effects

Amid lower prices, sluggish European business and negative exchange-rate effects, EBITDA at WACKER POLYMERS decreased relative to last year's third quarter – down almost 11 percent to €45.1 million (Q3 2012: €50.5 million). The division maintained the preceding quarter's level (€44.4 million) despite slightly weaker prices. The EBITDA margin for the three months through September 2013 was 17.0 percent compared with 18.4 percent in the same quarter last year. In Q2 2013, the EBITDA margin was 16.2 percent. For the first three quarters of 2013, EBITDA totaled €125.2 million (9M 2012: €129.9 million), yielding an EBITDA margin of 16.4 percent (9M 2012: 16.6 percent).

In Q3 2013, WACKER POLMERS invested €8.1 million compared with €16.4 million a year ago. During the first nine months of 2013, the division's overall capital expenditures came in at €21.3 million after reaching €40.3 million in the same period last year.

WACKER POLYMERS had 1,381 employees as of September 30, 2013 (June 30, 2013: 1,380).

WACKER BIOSOLUTIONS

T 2.13 WACKER BIOSOLUTIONS

€ million	Q3 2013	Q3 2012	Change in %	9M 2013	9M 2012	Change in %
Sales						
External sales	38.1	39.4	–3.3	119.1	118.5	0.5
Internal sales	–	0.7	–100.0	–	2.9	–100.0
Total sales	38.1	40.1	–5.0	119.1	121.4	–1.9
EBIT	3.7	3.8	–2.6	13.3	15.5	–14.2
EBIT margin (%)	9.7	9.5	–	11.2	12.8	–
Depreciation	1.6	1.7	–5.9	4.8	5.0	–4.0
EBITDA	5.3	5.5	–3.6	18.1	20.5	–11.7
EBITDA margin (%)	13.9	13.7	–	15.2	16.9	–
Investments	3.7	5.5	–32.7	7.8	13.9	–43.9
As of	Sept. 30, 2013	June 30, 2013	Change in %	Sept. 30, 2013	Dec. 31, 2012	Change in %
Number of employees	378	372	1.6	378	357	5.9

WACKER BIOSOLUTIONS posted total third-quarter sales of €38.1 million after €40.1 million a year ago. Its sales were thus about €2 million lower than both last year and the preceding 2013 quarter (€40.5 million). In cyclodextrins and gumbase polymers, WACKER BIOSOLUTIONS reported volume growth. The fine chemical acetylacetone, on the other hand, saw business slow. In the nine months through September 2013, WACKER BIOSOLUTIONS generated sales of €119.1 million after €121.4 million in the same period last year.

The division's third-quarter EBITDA came in at €5.3 million (Q3 2012: €5.5 million), yielding an EBITDA margin of 13.9 percent compared with 13.7 percent last year. In Q2 2013, the division had achieved EBITDA of €5.9 million and an EBITDA margin of 14.6 percent. For the first nine months of 2013, total EBITDA reached €18.1 million (9M 2012: €20.5 million), resulting in an EBITDA margin of 15.2 percent after 16.9 percent a year earlier.

WACKER BIOSOLUTIONS invested €3.7 million in the third quarter of 2013 (Q3 2012: €5.5 million). Most of this amount was for the ongoing construction of a new plant for polyvinyl acetate solid resins at Nanjing in China. With an annual capacity of 20,000 metric tons, this plant should be completed toward year-end. In the nine months through September 2013, the division's capital expenditures amounted to €7.8 million compared with €13.9 million last year.

As of September 30, 2013, employee numbers at WACKER BIOSOLUTIONS totaled 378 (June 30, 2013: 372).

WACKER POLYSILICON

T 2.14 WACKER POLYSILICON

€ million	Q3 2013	Q3 2012	Change in %	9M 2013	9M 2012	Change in %
Sales						
External sales	216.5	221.8	–2.4	613.8	770.6	–20.3
Internal sales	19.2	47.3	–59.4	60.6	151.9	–60.1
Total sales	235.7	269.1	–12.4	674.4	922.5	–26.9
EBIT	–11.8	21.5	n.a.	–12.5	181.9	n.a.
EBIT margin (%)	–5.0	8.0	–	–1.9	19.7	–
Depreciation	58.4	57.3	1.9	175.6	167.4	4.9
EBITDA	46.6	78.8	–40.9	163.1	349.3	–53.3
EBITDA margin (%)	19.8	29.3	–	24.2	37.9	–
Investments	55.1	206.6	–73.3	226.1	507.1	–55.4
As of	Sept. 30, 2013	June 30, 2013	Change in %	Sept. 30, 2013	Dec. 31, 2012	Change in %
Number of employees	2,105	2,138	–1.5	2,105	2,349	–10.4

In Q3 2013, WACKER POLYSILICON benefited from China and the EU reaching a compromise in the solar dispute and not imposing punitive tariffs, at least provisionally. As a result, confidence has grown among market participants and demand for solar silicon has picked up significantly. At the same time, government stimulus programs – and the grid parity achieved by solar power in many cases – are fueling demand for photovoltaic systems in countries outside Europe, such as China, Japan and the USA.

Amid this environment, WACKER POLYSILICON sold significantly more polysilicon in Q3 2013 compared with both the preceding quarter and prior-year quarter. To reduce its solar-silicon inventories, the division somewhat lowered production output early on in the third quarter. Thanks to strong demand, capacity utilization then increased markedly during the quarter. Toward late September, facilities were running at almost full capacity. Overall, third-quarter sales volumes clearly surpassed production output. Prices for solar silicon were essentially unchanged compared with the preceding quarter. However, they remain at a very low level. Reflecting market trends, WACKER POLYSILICON's total Q3 2013 sales of €235.7 million were down by over 12 percent on last year (€269.1 million), but around 16 percent higher than in Q2 2013 (€203.3 million). WACKER POLYSILICON's total sales for the first nine months of 2013 came in at €674.4 million after €922.5 million in the same period last year. The year-on-year decline was almost 27 percent.

Earnings Decrease Amid Low Price Levels and Inventory Destocking

WACKER POLYSILICON posted third-quarter EBITDA of €46.6 million (Q3 2012: €78.8 million). Earnings were thus around 41 percent lower than Q3 2012 and down some 27 percent on Q2 2013 (€64.0 million). Beside low prices, earnings were also reduced by the sale of solar-silicon inventories and the quarter's overall low fixed-cost coverage. Additionally, in the third quarter, fewer advance payments were retained and damages received by the division compared with April through June 2013. Third-quarter EBITDA included €13.2 million (Q3 2012: €2.1 million) in advance payments retained and damages received stemming from terminated contracts with polysilicon customers. In the preceding quarter, the division had posted €23.8 million here. The EBITDA margin declined to 19.8 percent, compared with 29.3 percent in Q3 2012 and 31.5 percent in Q2 2013. During January through September 2013, WACKER POLYSILICON posted EBITDA of €163.1 million (9M 2012: €349.3 million). The corresponding EBITDA margin was 24.2 percent (9M 2012: 37.9 percent).

Construction of the New US Production Plant Continues According to Plan

WACKER POLYSILICON invested €55.1 million in the third quarter of 2013 compared with €206.6 million a year ago. Most of the Q3 2013 sum went toward the construction of the new production site in Charleston (Tennessee, USA), which is scheduled to be completed by mid-2015. Its full nominal capacity is 20,000 metric tons annually. In the first nine months of 2013, the division's capital expenditures totaled €226.1 million, compared with €507.1 million in the same period last year.

WACKER POLYSILICON had 2,105 employees as of September 30, 2013 (June 30, 2013: 2,138).

SILTRONIC

T 2.15 SILTRONIC

€ million	Q3 2013	Q3 2012	Change in %	9M 2013	9M 2012	Change in %
Sales						
External sales	195.3	232.2	−15.9	563.3	676.3	−16.7
Internal sales	1.8	2.5	−28.0	5.1	6.9	−26.1
Total sales	197.1	234.7	−16.0	568.4	683.2	−16.8
EBIT	−17.4	−13.6	27.9	−54.1	−72.5	−25.4
EBIT margin (%)	−8.8	−5.8	–	−9.5	−10.6	–
Depreciation	22.6	23.5	−3.8	69.1	69.7	−0.9
EBITDA	5.2	9.9	−47.5	15.0	−2.8	n.a.
EBITDA margin (%)	2.6	4.2	–	2.6	−0.4	–
Investments	2.6	32.9	−92.1	19.2	75.4	−74.5
As of	Sept. 30, 2013	June 30, 2013	Change in %	Sept. 30, 2013	Dec. 31, 2012	Change in %
Number of employees	3,770	3,818	−1.3	3,770	3,978	−5.2

Growth remained subdued in Siltronic's semiconductor business during Q3 2013. Amid weaker demand for computers, tablet PCs and smartphones, silicon-wafer business was also restrained across the entire industry. Siltronic reported total sales of €197.1 million for July through September 2013 after €234.7 million last year. The sales decline was 16 percent year on year and just under 2 percent on Q2 2013 (€200.1 million). Third-quarter volumes at Siltronic were around 1 percent higher than a year ago. Compared with the preceding quarter, volumes were up by about 2 percent. Growth mainly stemmed from silicon wafers with diameters of under 300 mm. The slight volume growth, though, could not make up for price declines. Silicon-wafer prices in July through September 2013 were about 15 percent lower than a year ago. Compared with the preceding quarter, wafer prices edged down a little further. Plant utilization rates at Siltronic for July through September 2013 ranged from just under 80 to over 90 percent, depending on the wafer diameter. Siltronic's sales totaled €568.4 million in the first nine months of 2013, after €683.2 million in the same period last year.

Siltronic Posts Third-Quarter EBITDA of €5.2 Million

The measures taken by Siltronic to reduce production costs and enhance plant utilization are proving effective. As a result, the division again posted positive EBITDA for the quarter under review despite the continued price declines. EBITDA came in at €5.2 million after €9.9 million a year ago. In Q2 2013, the division had achieved EBITDA of €9.1 million. The third-quarter EBITDA margin was 2.6 percent, compared with 4.2 percent in Q3 2012 and 4.5 percent in Q2 2013. For the nine months through September 2013, Siltronic reported EBITDA of €15.0 million (9M 2012: €–2.8 million) and an EBITDA margin of 2.6 percent (9M 2012: €–0.4 percent).

Siltronic invested €2.6 million in the third quarter of 2013 after €32.9 million a year ago. Capital expenditures for the nine months through September totaled €19.2 million compared with €75.4 million in the year-earlier period.

Siltronic had 3,770 employees as of September 30, 2013 (June 30, 2013: 3,818).

Other

Third-quarter sales posted under "Other" came in at €48.1 million after €41.1 million last year. Sales for January through September 2013 totaled €141.1 million (9M 2012: €128.1 million), around 25 percent of which was accounted for by external business.

"Other" EBITDA in the period July through September 2013 reached €5.2 million, compared with €4.6 million a year ago. During the first three quarters of 2013, EBITDA totaled €17.4 million (9M 2012: €–0.8 million).

As of September 30, 2013, the "Other" segment had 4,332 employees (June 30, 2013: 4,358). This number includes, for example, site management and infrastructure-unit employees at Burghausen and Nünchritz.

Risks and Opportunities

Risks Facing the Global Economy Remain High – Solar Dispute between China and European Union Still Awaits Conclusive Settlement

As a globally active specialty-chemical and semiconductor company, WACKER is exposed to numerous risks directly attributable to its operational activities. The Group also has a particular responsibility to ensure plant safety and to protect health and the environment. Active risk management is therefore an integral part of corporate management at the WACKER Group. Our risk management not only complies with legal requirements, but is also a component in all our decisions and business processes. Its goal is to identify risks as early as possible, to evaluate them appropriately, and to minimize them through suitable measures. Compared with the previous year and the preceding quarter, no fundamental changes were made to WACKER's existing risk management system during Q3 2013.

WACKER continuously monitors the risks that an economic slowdown could pose to demand in its markets. Many experts agree that the risks for the global economy remain high. For instance, it is not yet clear how the dispute in the United States over the federal budget might affect the economy there and worldwide. If another federal government spending freeze is imposed, the risks for private consumers and for companies will rise. Currently, though, economic and market projections – and trends in WACKER's third-quarter business – indicate that moderate global growth will continue throughout 2013 and beyond.

Wherever market conditions and existing customer contracts permit, WACKER tries to raise prices in line with the market. The opportunities to do so, however, are limited in the present situation, which is characterized by low polysilicon and semiconductor prices, and by growing price pressure on various areas in the chemical divisions. This is one of the reasons why WACKER strives to optimize its sales structures and distribution partnerships on an ongoing basis. For example, the Group is continuously expanding its global network of technical centers. It is our aim not only to enhance our product expertise and customer proximity in key markets, but also to reinforce existing customer relationships and acquire new customers.

At WACKER's chemical divisions, volumes were generally somewhat higher in Q3 2013 than a year ago. Yet the increase in price pressure meant that sales declined slightly.

In the solar industry, a solution to the trade dispute between the European Union and China is within reach. The final decision, though, about whether the EU will impose punitive tariffs on Chinese solar products is still pending. It is due in early December. For its part, China has so far abstained from imposing punitive tariffs on European solar silicon, although no final decision has been made here either.

The current compromise has strengthened the confidence of market participants in recent weeks, significantly reviving solar-silicon demand. But if, contrary to expectations, the trade dispute is not settled conclusively, solar-system sales volumes in Europe – and thus demand for polysilicon from WACKER's Chinese customers – might slump. In this case, our business would be seriously affected, and the asset value of our production facilities could be impacted.

Basically, photovoltaics remains an attractive growth market. Currently, however, market and competitive conditions are still challenging. The sector's ongoing consolidation process is not yet over and solar-silicon prices are still at a very low level. At the same time, the opportunities for further growth in photovoltaics are increasingly shifting toward Asia and the Americas. There will be a substantial rise in the annual volume of newly installed photovoltaic capacity, particularly in China, Japan and the USA. This will lessen the solar industry's dependence on Europe, which has been its major market so far.

The Group's new US polysilicon production site in Charleston, Tennessee, will help WACKER meet anticipated growth in the photovoltaic industry and strengthen its position as a leading supplier of solar silicon. Construction of the site continued to proceed according to plan in the quarter under review. To ensure that production can be ramped up on schedule in the second half of 2015, calls for tenders are currently in progress for the remaining subcontracting work. As the chemical industry will be implementing a series of large-scale projects over the next few years to take advantage of the shale-gas boom in the USA, the cost of materials and assembly may turn out to be higher than originally expected. It will not be possible to gage the extent of these additional costs – or whether third-party projects might have an impact on the scheduled production start in Charleston – until after these calls for tenders have been completed.

In semiconductors, Siltronic increased silicon-wafer volumes slightly in Q3 2013, both year on year and quarter on quarter. Demand, though, is likely to slow in the second half of 2013 – according to the latest estimates at Gartner – and not pick up again until next year. Prices for silicon wafers remain under pressure, a trend also affecting the joint venture with Samsung for 300 mm-wafer production. Siltronic is continuing to improve the flexibility and efficiency of its production and business processes, and hence its cost basis.

Overall, third-quarter demand for WACKER products has stabilized plant utilization – and in some cases increased it. In the medium and long term, WACKER's explicit aim is not only to reduce the impact of price pressure on standard products by focusing more on its higher-priced specialty business, but also to expand the number of cyclically resilient product segments in its portfolio.

Initiative to Increase Efficiency and Lower Costs

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

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

Since WACKER's raw-material and energy expenditures account for a large part of the cost of goods sold, price trends on procurement markets and the availability of certain raw materials have a crucial impact on earnings and corporate success. Management therefore regularly conducts risk monitoring ("raw-material matrix") for strategic raw materials and energy. This matrix is a clear, quick way of pinpointing existing risks and is the starting point for developing strategies and measures for the procurement of raw materials. WACKER minimizes procurement risks through long-term supply contracts with highly creditworthy partners, through centrally negotiated procurement agreements and by having multiple suppliers for any one product. On the electricity market, the company practices structured procurement, i.e. purchasing electricity at various times and with various contract periods while simultaneously covering its remaining needs on the spot market. Factors affecting future energy costs at WACKER include possible changes in regulatory agency rules pertaining to the German Renewable Energy Act ("EEG") reallocation charge and the power grid charge.

WACKER has positioned itself well in energy and raw-material procurement to better manage the risks inherent in both economic upturns and downturns. If the global economy should weaken markedly, contract terms for key raw materials allow for adjustments in purchase volumes and, wherever possible, for lower prices to become effective using escalator clauses. If the global economy grows, many contracts contain volume and price guarantees.

Currency risks primarily arise from exchange-rate fluctuations for receivables, liabilities, and cash and cash equivalents not held in euros. They also have an impact on sales and earnings. The currency risk is of particular importance with respect to the US dollar, Japanese yen and Chinese renminbi. With the exception of the Chinese renminbi, WACKER strategically hedges the resulting net exposure above a certain limit using derivative financial instruments. In addition, WACKER counters exchange-rate risks through its local production sites, and through local bank financing.

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

The assessments we made there did not change substantially in the period under review, except for the above-mentioned risks arising from the solar dispute between the European Union and China, and from weaker semiconductor-sector performance.

Executive Board Evaluation of Overall Risk

A definitive decision about a mutual solution to the solar dispute between the EU and China is very important for WACKER's polysilicon business. Currently, we do not see any signs that this dispute might escalate again. As of this report's publication date, the Group's Executive Board does not, overall, see any individual or aggregate risk that could endanger WACKER's future in any material way. Although the chemical divisions' current results are slightly below mid-year expectations, robust customer demand in numerous segments is stabilizing plant utilization. In the photovoltaic industry, the competitive situation remains challenging due to the consolidation process still taking place. This is curbing profitability in our polysilicon business. Despite these risks, we continue to see good opportunities for success in this market over the medium to long term. WACKER remains strategically, financially and operationally well placed to take advantage of any opportunities that arise.

Munich, October 31, 2013
Wacker Chemie AG's Executive Board

Events after the Balance Sheet Date

of September 30, 2013

No material events occurred between the balance sheet date of September 30, 2013 and the publication of this Interim Report. There were no fundamental changes in the WACKER Group's overall economic and business environment. The company's legal and organizational structures likewise remained unchanged.

Outlook and Forecast

Overall Economic Situation and Sector-Specific Conditions

Global Economic Growth to Accelerate in the Coming Year, but Serious Political Risks and Structural Challenges Remain

The world economy is expected to grow this year and, according to the latest estimates of economic experts, momentum will increase further in 2014. Amid this trend, differences in regional growth will persist between industrialized and emerging economies. What is unclear is whether – and how quickly – the emerging economies of Asia, South America and Eastern Europe will return to their growth rates of past years. In the industrialized West, it seems that the gradual economic recovery will continue in the months ahead. Much will depend, however, on whether there is a lasting global improvement in underlying budgetary conditions. The European financial and sovereign-debt crisis and the public-sector deficit in the USA still pose substantial risks to the stability of the global economy. Moreover, the compromise between the EU and China on free trade in solar products has to be permanently accepted and observed by the protagonists to avoid any negative consequences for the solar industry.

The International Monetary Fund (IMF) expects global economic output to increase by 2.9 percent this year and by 3.6 percent in 2014, with the pace of growth in advanced economies being slightly faster than in emerging countries. The IMF anticipates GDP growth in advanced economies of 2.0 percent in 2014 after 1.2 percent this year. In the emerging markets of Asia, South America and Eastern Europe, economic-output growth is forecast to rise from 4.5 percent in 2013 to 5.1 percent in 2014.[1]

According to IMF projections, growth in China will slow somewhat – from 7.6 percent this year to 7.3 percent in 2014. The Indian economy, on the other hand, will gain momentum, up by 5.1 percent in 2014 after a plus of 3.8 percent this year. In Japan, the impact of government stimulus measures is expected to diminish. According to the fund's latest forecasts, the Japanese economy will grow by only 1.2 percent in 2014 – the GDP projection for this year is about 2.0 percent.[1]

Despite all the difficulties with the US budget, the IMF expects the US economy to grow by 1.6 percent in 2013 and by 2.6 percent in 2014. The decisive factors will be whether the administration's public spending freeze can be ended permanently and whether budgetary consolidation will continue.[1]

Following an economic contraction of 0.4 percent this year, the eurozone will see a return to growth. The IMF expects eurozone GDP to grow by 1.0 percent in 2014, with Italy and Spain posting slight increases. In Germany, the economy will continue to gain momentum, expanding by 1.4 percent next year according to the IMF (2013: 0.5 percent).[1] The leading German economic institutes are even more optimistic, seeing Germany on the verge of an upswing in their autumn report. Due to robust domestic demand and rising

[1] International Monetary Fund, World Economic Outlook: Transitions and Tensions, Washington, D.C., October 8, 2013

investment spending, GDP in Germany is expected to grow by 1.8 percent next year (2013: 0.4 percent).[1]

In WACKER's markets, growth is likely to follow the general economic trend, although the specific challenges of individual segments will remain.

According to the German Chemical Industry Association (VCI), buoyant domestic and international demand will further bolster the German chemical industry in the second half of 2013. For full-year 2013, the VCI currently anticipates that German chemical production will expand by 1.5 percent. Chemical prices, however, are expected to fall by an average of 0.5 percent. As a result, chemical-sector sales are likely to rise by only 1 percent.[2]

In the semiconductor industry, experts at the Gartner Group see silicon-wafer demand dropping in the second half due to seasonal trends. For 2013 as a whole, global wafer volumes (by surface area sold) should be 0.2 percent down on last year. At the same time, wafer prices are lower than in 2012. Consequently, Gartner estimates that global silicon-wafer sales will reach only around US$8.01 billion in 2013, down 13.2 percent from a year ago. For the coming year, Gartner anticipates a 5.5-percent increase in global wafer volumes. Wafer-sector revenues for 2014 are expected to rise by 7.8 percent to around $8.64 billion.[3]

In the near term, the future development of the solar industry essentially depends on whether the dispute between the European Union and China about free trade in solar products can be definitively resolved. Currently, market potential is continuing to shift from Europe to Asia and the United States. Overall, the growth of global photovoltaic capacity will continue to accelerate. WACKER estimates that newly installed photovoltaic capacity will reach 35 to 40 gigawatts in 2013, with additional growth anticipated in 2014. This upward trend is essentially in line with the projections of Citigroup, which expects double-digit growth in each of the next four years. According to Citigroup, newly installed capacity in 2014 will exceed 41 gigawatts.[4]

Future Developments at the WACKER Group

Given these macroeconomic and sector-specific prospects for growth, WACKER will focus this year and next on:

- Strengthening its presence in the world's emerging regions
- Utilizing innovations to reinforce its competitive position in existing markets and to open up new application areas
- Replacing established market offerings with WACKER products

Our goal is to grow – primarily organically through our own resources – and the basis for this growth is our large integrated sites and specialty plants for downstream products in Europe, the USA and Asia. These facilities are supplemented by a global network of technical centers and efficient distributors – a network that we intend to expand further. The main focus here is on the growth markets of Asia and South America. Our growth measures will strengthen our global market presence and enhance our proximity to customers.

[1] Joint Economic Forecast Project Group, Autumn Forecast 2013, Economy Picking up – Put Budget Surpluses to Good Use, Essen, October 15/17, 2013
[2] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 2nd quarter 2013, Frankfurt, September 4, 2013
[3] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 3Q 13 Update, Stamford (USA), September 17, 2013
[4] Citi Research, Global demand: China-EU trade solution, London, July 31, 2013

At its chemical divisions, WACKER continues to see attractive growth opportunities in diverse sectors, ranging from construction and electrical engineering to cosmetics and textiles. Demand for WACKER's chemical products is fueled by rising affluence and mobility, and by infrastructure expansion in many of the world's major cities and market regions. For full-year 2013, the chemical divisions anticipate slightly stronger overall year-on-year sales. Growth, however, will not be as high as predicted mid-year due to increased price pressure on standard products and the continued weakness of Europe's economy.

Amid a generally subdued semiconductor market, Siltronic does not expect its 2013 sales to reach the prior-year figure. Although third-quarter volumes edged higher both year on year and quarter on quarter, sales were dampened by persistent price pressure in the marketplace and unfavorable exchange-rate effects relating to the US dollar and Japanese yen. In line with market trends, Siltronic anticipates a noticeable decline in volumes in the fourth quarter.

During Q3 2013, WACKER's polysilicon business benefited from the fact that China and the EU resolved their trade dispute about solar products, at least for the time being, and that China has not, as yet, imposed punitive tariffs on European solar silicon. As a result, confidence grew among market participants and demand increased significantly for WACKER POLYSILICON's solar silicon. A final decision about imposing punitive tariffs on imports of Chinese solar products to Europe is expected in early December. In the medium and long term, the photovoltaic industry will remain a global growth industry. Weak momentum in Europe will be more than offset by the potential for growth in China, Japan and the USA. Solar-silicon prices will remain a key challenge despite production-capacity consolidation. In the third quarter, prices remained essentially unchanged compared with Q2 2013, but they are still at a very low level. As a result, WACKER POLYSILICON's full-year sales for 2013 are likely to be significantly lower than in 2012.

Capital Expenditures at Around €500 Million – Below Level of Depreciation

From today's perspective, WACKER's capital expenditures for full-year 2013 will be about €500 million, some €50 million below mid-year expectations. Investments continue to focus on completing the new polysilicon site in Charleston, Tennessee (USA). Construction is proceeding according to plan and the plant is due for completion mid-2015. At WACKER's polymer site in Nanjing (China), new production capacity for polyvinyl acetate solid resins will be finalized by year-end.

Depreciation is likely to reach €550 million this year. Until recently, WACKER assumed that net cash flow would be slightly negative at around €–50 million. Now, according to the latest estimates, net cash flow will be positive – reflecting the positive impact both of lower investments and reduced inventories. WACKER had previously targeted net financial debt at a level of not over €1 billion. Net financial debt is now expected to be below €900 million at year-end.

Cost Savings of €200 Million Planned

As already announced mid-year, WACKER launched a broad initiative to enhance its business processes and reduce costs in all its business divisions and corporate departments. The purpose of the initiative is to achieve a lasting improvement in competitiveness and profitability. The target is to save around €200 million this year, with about half of savings being achieved at WACKER POLYSILICON. In semiconductors, the largest savings will come from Siltronic's measures to reduce production costs for 300 mm wafers. In the chemical divisions, the main cost-saving tool is the Wacker Operating System (WOS), a continuous productivity-improvement program that spans the entire supply chain.

Please refer to the “Outlook” section on pages 147 to 160 of WACKER’s 2012 Annual Report for detailed comments on future products and services, R&D, production, procurement and logistics, sales and marketing, employees, financing, and our expected liquidity and financial position. The targets, strategies and processes presented there did not change substantially in Q3 2013.

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

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

WACKER Expects Substantial Sales and Earnings Growth through to 2017

In its medium-term targets through to 2017 – which were presented by the Executive Board at Capital Markets Day in London in early July – WACKER anticipates average sales growth of about 6 percent annually for the coming years. By 2017, sales are expected to climb to between €6.0 billion and €6.5 billion, with Group EBITDA increasing some 9 percent per year during this period to reach about €1.2 billion in 2017. This corresponds to an EBITDA margin of around 20 percent. The return on capital employed (ROCE) is projected to reach over 11 percent by 2017.

Overall Expectations for Corporate Performance

Although third-quarter growth in chemicals was slightly lower than had been expected mid-year, WACKER’s Executive Board reiterates its forecast that full-year sales for 2013 will come in at about €4.5 billion (2012: €4.63 billion). This forecast is based on an average euro/dollar exchange rate of 1.35. Additionally, an essential requirement is that the mutual solution reached in the solar dispute between China and the European Union proves lasting.

As already forecast in the 2012 Annual Report, Group EBITDA at year-end 2013 is likely to be lower than the previous year’s figure of €795.4 million. Total EBITDA for the chemical divisions is expected to be slightly higher than in 2012. WACKER POLYSILICON will make a substantial EBITDA contribution, which, however, will be significantly below last year’s level – based on the polysilicon prices in our estimates. At Siltronic, today’s perspective does not offer any signs of a major improvement in EBITDA on the prior-year period.

Group net income, in line with our previous projections, is expected to remain slightly positive.

Munich, October 31, 2013
Wacker Chemie AG’s Executive Board

Consolidated Statement of Income

January 1 through September 30, 2013

T 3.1 Consolidated Statement of Income

€ million	Q3 2013	Q3 2012*	Change in %	9M 2013	9M 2012*	Change in %
Sales	1,165.4	1,200.9	–3.0	3,392.0	3,617.7	–6.2
Cost of goods sold	–997.5	–991.3	0.6	–2,918.8	–2,949.6	–1.0
Gross profit from sales	167.9	209.6	–19.9	473.2	668.1	–29.2
Selling expenses	–68.2	–67.9	0.4	–202.0	–204.9	–1.4
Research and development expenses	–40.6	–42.0	–3.3	–122.8	–129.0	–4.8
General administrative expenses	–24.1	–26.6	–9.4	–73.4	–86.4	–15.0
Other operating income	35.0	59.6	–41.3	207.3	223.5	–7.2
Other operating expenses	–27.1	–60.5	–55.2	–136.7	–198.2	–31.0
Operating result	42.9	72.2	–40.6	145.6	273.1	–46.7
Result from investments in joint ventures and associates	–7.9	0.3	n.a.	–25.9	–4.9	>100
Other investment income	0.1	–	n.a.	0.1	0.1	–
EBIT (earnings before interest and taxes)	35.1	72.5	–51.6	119.8	268.3	–55.3
Interest income	3.1	3.5	–11.4	11.0	11.3	–2.7
Interest expenses	–10.9	–5.7	91.2	–30.2	–15.4	96.1
Other financial result	–15.6	–12.6	23.8	–39.9	–38.8	2.8
Financial result	–23.4	–14.8	58.1	–59.1	–42.9	37.8
Income before taxes	11.7	57.7	–79.7	60.7	225.4	–73.1
Income taxes	–6.3	–28.9	–78.2	–35.1	–93.7	–62.5
Net income for the period	5.4	28.8	–81.3	25.6	131.7	–80.6
Of which						
Attributable to Wacker Chemie AG shareholders	4.6	26.8	–82.8	22.3	129.4	–82.8
Attributable to non-controlling interests	0.8	2.0	–60.0	3.3	2.3	43.5
Earnings per share (basic/diluted) (€)	0.09	0.54	–83.3	0.45	2.60	–82.7
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–

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

Consolidated Statement of Comprehensive Income

January 1 through September 30, 2013

T 3.2 January to September

€ million	2013			2012*		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			25.6			131.7
Items not subsequently reclassified to the statement of income						
Remeasurements of defined benefit plans	106.8	−24.4	82.4	−477.2	129.9	−347.3
Sum of items not reclassified to the statement of income	106.8	−24.4	82.4	−477.2	129.9	−347.3
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustments	−32.7	–	−32.7	4.3	–	4.3
Changes in market values of the securities available for sale	−0.4	–	−0.4	1.0	−0.3	0.7
Changes in market values of derivative financial instruments (cash flow hedge)	8.3	−2.4	5.9	−2.7	0.6	−2.1
Of which recognized in profit and loss	−1.6	0.4	−1.2	−3.6	0.8	−2.8
Effects of net investments in foreign operations	−0.7	–	−0.7	–	–	–
Share of cash flow hedge in associates accounted for using the equity method	−0.7	–	−0.7	2.1	–	2.1
Non-controlling interests	−2.1	–	−2.1	–	–	–
Sum of items reclassified to the statement of income	−28.3	−2.4	−30.7	4.7	0.3	5.0
Income and expenses recognized in equity	78.5	−26.8	51.7	−472.5	130.2	−342.3
Total income and expenses reported			77.3			−210.6
Of which						
Attributable to Wacker Chemie AG shareholders			76.1			−212.9
Attributable to non-controlling interests			1.2			2.3

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

Consolidated Statement of Comprehensive Income

July 1 through September 30, 2013

T 3.3 July to September

€ million	2013			2012*		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			5.4			28.8
Items not subsequently reclassified to the statement of income						
Remeasurements of defined benefit plans	–9.4	3.2	–6.2	–217.0	59.1	–157.9
Sum of items not reclassified to the statement of income	–9.4	3.2	–6.2	–217.0	59.1	–157.9
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustments	–34.8	–	–34.8	–17.0	–	–17.0
Changes in market values of the securities available for sale	–0.1	–	–0.1	0.6	–0.2	0.4
Changes in market values of derivative financial instruments (cash flow hedge)	14.5	–4.1	10.4	14.5	–4.1	10.4
Of which recognized in profit and loss	–0.9	0.2	–0.7	2.9	–1.0	1.9
Effects of net investments in foreign operations	–2.1	–	–2.1	–	–	–
Share of cash flow hedge in associates accounted for using the equity method	–	–	–	1.9	–	1.9
Non-controlling interests	–1.2	–	–1.2	0.2	–	0.2
Sum of items reclassified to the statement of income	–23.7	–4.1	–27.8	0.2	–4.3	–4.1
Income and expenses recognized in equity	–33.1	–0.9	–34.0	–216.8	54.8	–162.0
Total income and expenses reported			–28.6			–133.2
Of which						
Attributable to Wacker Chemie AG shareholders			–28.2			–135.4
Attributable to non-controlling interests			–0.4			2.2

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

Consolidated Statement of Financial Position

September 30, 2013

T 3.4 Assets

€ million	Sept. 30, 2013	Sept. 30, 2012*	Change in %	Dec. 31, 2012*	Change in %
Intangible assets	20.4	26.6	−23.3	25.5	−20.0
Property, plant and equipment	3,822.9	3,802.8	0.5	3,922.9	−2.5
Investment property	1.5	1.5	–	1.5	–
Investments in joint ventures and associates accounted for using the equity method	17.9	121.2	−85.2	41.0	−56.3
Financial assets	259.3	180.8	43.4	269.8	−3.9
Noncurrent securities	104.5	95.6	9.3	61.1	71.0
Other assets	21.2	17.9	18.4	21.8	−2.8
Income tax receivables	8.1	10.6	−23.6	10.0	−19.0
Deferred tax assets	175.5	204.3	−14.1	182.0	−3.6
Noncurrent assets	4,431.3	4,461.3	−0.7	4,535.6	−2.3
Inventories	639.4	756.9	−15.5	712.1	−10.2
Trade receivables	681.6	672.1	1.4	600.2	13.6
Other assets	136.9	166.9	−18.0	171.8	−20.3
Income tax receivables	16.7	20.4	−18.1	37.5	−55.5
Current securities	110.5	201.7	−45.2	243.0	−54.5
Cash and cash equivalents	573.3	468.8	22.3	192.6	>100
Current assets	2,158.4	2,286.8	−5.6	1,957.2	10.3
Total assets	6,589.7	6,748.1	−2.3	6,492.8	1.5

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

T 3.5 Equity and Liabilities

€ million	Sept. 30, 2013	Sept. 30, 2012*	Change in %	Dec. 31, 2012*	Change in %
Subscribed capital of Wacker Chemie AG	260.8	260.8	–	260.8	–
Capital reserves of Wacker Chemie AG	157.4	157.4	–	157.4	–
Treasury shares	-45.1	-45.1	–	-45.1	–
Retained earnings	1,993.6	2,009.8	-0.8	2,001.1	-0.4
Other equity items	-217.3	-328.4	-33.9	-271.1	-19.9
Equity attributable to Wacker Chemie AG shareholders	2,149.4	2,054.5	4.6	2,103.1	2.2
Non-controlling interests	18.0	27.2	-33.8	18.2	-1.1
Equity	2,167.4	2,081.7	4.1	2,121.3	2.2
Provisions for pensions	1,172.4	1,328.7	-11.8	1,240.8	-5.5
Other provisions	149.0	215.7	-30.9	159.4	-6.5
Income tax provisions	32.1	68.8	-53.3	32.1	–
Deferred tax liabilities	2.9	5.8	-50.0	2.8	3.6
Financial liabilities	1,273.2	911.2	39.7	958.5	32.8
Other liabilities	631.1	874.7	-27.8	816.6	-22.7
Noncurrent liabilities	3,260.7	3,404.9	-4.2	3,210.2	1.6
Other provisions	124.6	149.1	-16.4	100.7	23.7
Income tax provisions	48.6	23.7	>100	42.3	14.9
Income tax liabilities	1.1	1.6	-31.3	1.2	-8.3
Financial liabilities	203.2	266.2	-23.7	238.7	-14.9
Trade payables	352.2	401.8	-12.3	379.8	-7.3
Other liabilities	431.9	419.1	3.1	398.6	8.4
Current liabilities	1,161.6	1,261.5	-7.9	1,161.3	–
Liabilities	4,422.3	4,666.4	-5.2	4,371.5	1.2
Total equity and liabilities	6,589.7	6,748.1	-2.3	6,492.8	1.5

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

Consolidated Statement of Cash Flows

January 1 through September 30, 2013

T 3.6 Consolidated Statement of Cash Flows

€ million	Q3 2013	Q3 2012*	Change in %	9M 2013	9M 2012*	Change in %
Net income for the period	5.4	28.8	−81.3	25.6	131.7	−80.6
Depreciation/appreciation of noncurrent assets	132.8	133.6	−0.6	400.8	393.2	1.9
Changes in provisions	15.1	12.2	23.8	70.7	112.3	−37.0
Changes in deferred taxes	−4.4	3.0	n.a.	−20.8	−12.6	65.1
Changes in inventories	27.9	−20.3	n.a.	72.4	−55.2	n.a.
Changes in trade receivables	20.4	2.5	>100	−88.5	−118.8	−25.5
Changes in other assets	33.7	11.8	>100	67.8	53.1	27.7
Changes in advance payments received	−46.8	−15.6	>100	−154.8	−89.6	72.8
Changes in other liabilities	42.9	−0.9	n.a.	42.1	−69.3	n.a.
Changes from equity accounting	9.9	1.0	>100	29.3	7.6	>100
Other non-cash expenses, income and other items	0.3	2.3	−87.0	−14.0	14.7	n.a.
Cash flow from operating activities (gross cash flow)	237.2	158.4	49.7	430.6	367.1	17.3
Cash receipts and payments for investments	−122.3	−266.2	−54.1	−408.1	−755.4	−46.0
Proceeds from the disposal of noncurrent assets	3.0	1.8	66.7	13.5	3.8	>100
Cash flow from noncurrent investment activities before securities	−119.3	−264.4	−54.9	−394.6	−751.6	−47.5
Cash receipts and payments for the acquisition/ disposal of securities	−53.1	−1.3	>100	80.3	88.2	−9.0
Cash flow from investment activities	−172.4	−265.7	−35.1	−314.3	−663.4	−52.6
Distribution of profit from prior-year net income	–	–	–	−31.2	−110.7	−71.8
Changes in financial liabilities	25.9	74.8	−65.4	297.6	401.1	−25.8
Cash flow from financing activities	25.9	74.8	−65.4	266.4	290.4	−8.3
Changes due to exchange-rate fluctuations	−1.1	−0.8	37.5	−2.0	0.8	n.a.
Changes in cash and cash equivalents	89.6	−33.3	n.a.	380.7	−5.1	n.a.
At the beginning of the period	483.7	502.1	−3.7	192.6	473.9	−59.4
At the end of the period	573.3	468.8	22.3	573.3	468.8	22.3

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

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

January 1 through September 30, 2013

T 3.7 Consolidated Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2012 (as previously reported)	260.8	157.4	−45.1	2,216.4	13.9	2,603.4	26.3	2,629.7
Effects of retroactive application of IAS 19 (revised)	–	–	–	−226.7	–	−226.7	–	−226.7
Jan. 1, 2012*	260.8	157.4	−45.1	1,989.7	13.9	2,376.7	26.3	2,403.0
Net income for the period	–	–	–	129.4	–	129.4	2.3	131.7
Dividends paid	–	–	–	−109.3	–	−109.3	−1.4	−110.7
Income and expenses recognized in equity	–	–	–	–	−342.3	−342.3	–	−342.3
Sept. 30, 2012*	260.8	157.4	−45.1	2,009.8	−328.4	2,054.5	27.2	2,081.7
Jan. 1, 2013	260.8	157.4	−45.1	2,001.1	−271.1	2,103.1	18.2	2,121.3
Net income for the period	–	–	–	22.3	–	22.3	3.3	25.6
Dividends paid	–	–	–	−29.8	–	−29.8	−1.4	−31.2
Income and expenses recognized in equity	–	–	–	–	53.8	53.8	−2.1	51.7
Sept. 30, 2013	260.8	157.4	−45.1	1,993.6	−217.3	2,149.4	18.0	2,167.4

T 3.8 Reconciliation of Other Equity Items

€ million	Changes in market values of securities available for sale	Difference from foreign currency translation adjustments	Changes in market values of derivative financial instruments (cash flow hedge)	Remeasurements of defined benefit plans	Effects of net investments in foreign operations	Total (excluding non-controlling interests)
Jan. 1, 2012	0.9	16.8	−3.8	–	–	13.9
Additions	0.7	–	3.6	−347.3	–	−343.0
Other changes	–	–	−0.8	–	–	−0.8
Reclassification in the statement of income	–	–	−2.8	–	–	−2.8
Changes in exchange rates	–	4.3	–	–	–	4.3
Sept. 30, 2012*	1.6	21.1	−3.8	−347.3	–	−328.4
Jan. 1, 2013	1.4	3.8	2.4	−278.7	–	−271.1
Additions	–	–	4.0	82.4	–	86.4
Other changes	−0.4	–	2.4	–	–	2.0
Reclassification in the statement of income	–	–	−1.2	–	–	−1.2
Changes in exchange rates	–	−32.7	–	–	−0.7	−33.4
Sept. 30, 2013	1.0	−28.9	7.6	−196.3	−0.7	−217.3

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

Notes

January 1 through September 30, 2013

Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of September 30, 2013 have been prepared in accordance with Section 37x WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act") and with the rules of International Accounting Standard (IAS) 34 as applicable in the European Union, and are presented in condensed form. The accounting and valuation methods applicable in the 2012 fiscal year remain unchanged, but have been supplemented by the new accounting standards to be applied for the first time in 2013. The interim Group management report has been prepared in compliance with the applicable requirements of the WpHG. New accounting standards were introduced in 2013, but except for IAS 19 "Employee Benefits" they had no substantial impact on WACKER's accounting and valuation methods. The changes brought about by IAS 19 (revised in 2011) and by the other newly applicable standards are described in detail in the "Changes in Accounting and Valuation Methods" section.

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

First-time application of IAS 19 (revised 2011) in fiscal 2013 necessitates the reassessment of net pension obligations as of each closing date. The discount factor must be newly determined as of each closing date. As of September 30, 2013, discount factors of 3.75 percent in Germany and 4.87 percent in the USA were used to determine the net pension obligations (September 30, 2012: 3.30 percent in Germany and 4.03 percent in the USA). As of December 31, 2012, the actuarial interest rate was 3.5 percent in Germany and 4.0 percent in the USA.

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

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

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

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

Seasonal Influences

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

Other Financial Obligations

With respect to the disclosures of other financial obligations, we refer to the consolidated financial statements as of December 31, 2012.

No material changes have arisen in the current fiscal year compared with the information provided in the Annual Report for 2012.

New Accounting Standards

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

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

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

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

Standard/ Interpretation		Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
IFRS 10	Consolidated Financial Statements	Jan. 1, 2014	Dec. 11, 2012	IFRS 10 changes the definition of “control” so that the same criteria are applied to all companies in determining control. The standard replaces the consolidation guidelines in the previous IAS 27 and SIC 12. The new rules may lead to major changes in the scope of consolidation compared with the previous determination of the Group pursuant to IAS 27. At this point in time, WACKER is of the opinion that application of the revised standard will have no influence on the current determination of the scope of consolidation.
IFRS 11	Joint Arrangements	Jan. 1, 2014	Dec. 11, 2012	IFRS 11 governs the accounting of arrangements where a company exercises joint control over a joint venture or a joint operation. The standard replaces IAS 31. In the future, joint ventures will be accounted for using the equity method only. The option of proportionate consolidation has been abolished. The abolition of proportionate consolidation has no impact on WACKER’s earnings, net assets or financial position because WACKER already accounts for joint ventures using the equity method. WACKER is currently examining the other effects of IFRS 11, also with respect to joint operations. A reassessment of the joint ventures accounted for to date using the equity method will take place upon first-time application of the standard and can lead to proportionate consolidation of the assets and liabilities of one joint venture.
IFRS 12	Disclosure of Interests in Other Entities	Jan. 1, 2014	Dec. 11, 2012	IFRS 12 regulates the disclosures in the consolidated financial statements that enable readers of the financial statements to assess the nature, risk and financial effects of the entity’s involvement in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Application of the revised standard will lead to a substantial broadening of the disclosures in WACKER’s consolidated financial statements.
IAS 27	Separate Financial Statements	Jan. 1, 2014	Dec. 11, 2012	In the future, IAS 27 will deal only with separate financial statements. The existing guidelines for separate financial statements remain unchanged. Application of the revised standard will have no impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements.
IAS 28	Investments in Associates and Joint Ventures	Jan. 1, 2014	Dec. 11, 2012	IAS 28 now also governs the accounting of joint ventures using the equity method. Application of the revised standard will have no substantial impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition Guidelines	Jan. 1, 2014	April 5, 2013	The purpose of the amendments is to clarify the transition guidelines in IFRS 10. Additionally, the changes facilitate the transition to IFRS 10, IFRS 11 and IFRS 12. Application of the changes will have no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2014	Dec. 13, 2012	This amendment to IAS 32 clarifies the requirements for offsetting of financial instruments. Application of the revised standard will have no substantial impact on WACKER’s earnings, net assets or financial position.

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

Standard/ Interpretation		Publication by IASB	Effective Date	Endorsed by EU	Anticipated Impact on WACKER
IFRS 9	Financial Instruments	Nov. 12, 2009	Jan. 1, 2015	Postponed	In the future, financial assets will be measured either at amortized cost or at fair value, depending on the business model of the company in question. At the moment, WACKER cannot conclusively assess what impacts the first-time application of this standard will have, should it be endorsed by the EU in its current form.
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date and Transition Disclosures	Dec. 16, 2011	Jan. 1, 2015	Postponed	The amendments postpone the effective date of IFRS 9 and provide for additional disclosure requirements. As WACKER cannot yet assess what impact the first-time application of IFRS 9 will have, it is also not yet possible to evaluate the potential impact of these amendments to IFRS 9 and IFRS 7.
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	Oct. 31, 2012	Jan. 1, 2014	Expected in Q4 2013	The changes focus primarily on redefinition of the term “investment entity.” In addition, investment entities are exempted from the obligation to fully consolidate majority-controlled subsidiaries in their consolidated financial statements. The amendments have no impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements.
IAS 36	Impairment of Assets – Disclosure of the Recoverable Amount of Non-Financial Assets	May 29, 2013	Jan. 1, 2014	Expected in Q4 2013	IFRS 13 “Fair Value Measurement” introduced a new rule amending IAS 36 “Impairment of Assets.” It requires disclosure of the recoverable amount of every cash-generating unit (or group of cash-generating units) for which a substantial amount of goodwill or substantial intangible assets of unlimited useful life have been recognized. The amendments in connection with IAS 36 have no impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements. WACKER does not currently recognize any goodwill or any intangible assets of unlimited useful life.
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	June 27, 2013	Jan. 1, 2014	Expected in Q4 2013	Due to the EU regulation on OTC derivatives, central counterparties and trade repositories (also known as EMIR), clearing via a central counterparty is planned for standardized OTC derivatives. As per IAS 39 in its current version, the clearing obligation and the related novation to a central counterparty lead to termination of the hedging relationship under hedge accounting and thus to ineffectiveness compared to the prior hedging relationship. The amendment states that, under certain conditions, clearing via a central counterparty shall not lead to termination of the hedging relationship, and that the hedge shall continue to qualify for hedge accounting in accordance with IAS 39. The amendments in connection with IAS 39 have no impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements since WACKER is not subject to the clearing obligation.
IFRIC 21	Levies	May 20, 2013	Jan. 1, 2014	Expected in Q1 2014	IFRIC 21 “Levies” contains rules for the recognition of obligations to pay public levies that are not defined as taxes within the meaning of IAS 12 “Income Taxes.” Application of this interpretation may result in an obligation to pay a levy being recognized in the accounts at a different point in time than previously, especially if the obligation to pay arises only if certain circumstances occur at a certain time. The amendments in connection with IFRIC 21 are unlikely to have any impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements.

Changes in Accounting and Valuation Methods

IAS 19 (revised 2011), Employee Benefits

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

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

Moreover, interest cost and expected proceeds from plan assets are replaced by net interest cost in the statement of income. This net interest cost is calculated by applying the discount factor to the net pension obligation. The applicable interest rate for assessing the defined benefit obligation is used as the discount factor. The net interest from the net pension obligation is the difference between the interest income from plan assets and the interest cost from the defined benefit obligation. The difference between the interest income from plan assets and the return on plan assets is posted as "remeasurements of defined benefit plans" under "other equity items." No effects result from the fact that non-vesting past service cost is now recognized immediately in the statement of income when it is incurred rather than being recognized over the vesting period. Similarly, no impact ensues from the recognition – upon performance of service – of administrative expenses not associated with the management of plan assets.

In accordance with IAS 19 "Employee Benefits," obligations from phased early retirement contracts must be revalued in the future. The mandatory payment of what are known as "top-up amounts" will no longer qualify as employee benefits payable on termination of employment. Since these benefits necessitate employee service, the obligations represent long-term employee benefits to be accrued in line with their vesting period. Due to this change in classification, WACKER decreased its provisions for phased early retirement by €–7.8 million as of January 1, 2012. On September 30, 2012, an adjustment of €–1.5 million was made. The figure for Q3 2012 was reduced by €1.9 million. As of December 31, 2012, the phased-early-retirement provisions were €1.8 million lower and fiscal-year 2012 earnings rose by €5.9 million.

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

T 4.1 Consolidated Statement of Income

€ million	Q3 2012	Adjustment	Q3 2012 restated	9M 2012	Adjustment	9M 2012 restated
Sales	1,200.9	–	1,200.9	3,617.7	–	3,617.7
Cost of goods sold	–992.6	1.3	–991.3	–2,953.2	3.6	–2,949.6
Gross profit from sales	208.3	1.3	209.6	664.5	3.6	668.1
Selling, R&D and general administrative expenses	–137.0	0.5	–136.5	–421.6	1.3	–420.3
Operating result	70.4	1.8	72.2	268.2	4.9	273.1
EBIT	70.7	1.8	72.5	263.4	4.9	268.3
Financial result	–15.3	0.5	–14.8	–44.5	1.6	–42.9
Income before taxes	55.4	2.3	57.7	218.9	6.5	225.4
Income taxes	–28.5	–0.4	–28.9	–91.4	–2.3	–93.7
Net income for the period	26.9	1.9	28.8	127.5	4.2	131.7
Of which						
Attributable to Wacker Chemie AG shareholders	24.9	1.9	26.8	125.2	4.2	129.4
Attributable to non-controlling interests	2.0	–	2.0	2.3	–	2.3
Earnings per share (basic/diluted) (€)	0.50	0.04	0.54	2.52	0.08	2.60
EBITDA	204.3	1.8	206.1	656.6	4.9	661.5

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

€ million	Sept. 30, 2012	Adjustment	Sept. 30, 2012 restated	Dec. 31, 2012	Adjustment	Dec. 31, 2012 restated
Assets						
Deferred tax assets	13.4	190.9	204.3	13.3	168.7	182.0
Other noncurrent assets	13.4	4.5	17.9	13.1	–5.8	7.3
Total assets	6,563.4	184.7	6,748.1	6,329.9	162.9	6,492.8
Equity and Liabilities						
Retained earnings	2,232.3	–222.5	2,009.8	2,219.9	–218.8	2,001.1
Other equity items	18.9	–347.3	–328.4	6.6	–277.7	–271.1
Equity	2,651.5	–569.8	2,081.7	2,617.8	–496.5	2,121.3
Provisions for pensions	558.6	770.1	1,328.7	569.3	671.5	1,240.8
Other noncurrent provisions	217.2	–1.5	215.7	161.3	–1.9	159.4
Deferred tax liabilities	19.9	–14.1	5.8	13.0	–10.2	2.8
Noncurrent liabilities	2,650.4	754.5	3,404.9	2,550.8	659.4	3,210.2
Liabilities	3,911.9	754.5	4,666.4	3,712.1	659.4	4,371.5
Total equity and liabilities	6,563.4	184.7	6,748.1	6,329.9	162.9	6,492.8
Equity ratio (%)	40	–	31	41	–	33

T 4.3 Statement of Cash Flows

€ million	Q3 2012	Adjustment	Q3 2012 restated	9M 2012	Adjustment	9M 2012 restated
Net income for the period	26.9	1.9	28.8	127.5	4.2	131.7
Changes in provisions	14.3	–2.1	12.2	117.7	–5.4	112.3
Changes in deferred taxes	2.6	0.4	3.0	–14.9	2.3	–12.6
Changes in other assets	12.0	–0.2	11.8	54.2	–1.1	53.1
Cash flow from operating activities (gross cash flow)	158.4	–	158.4	367.1	–	367.1

T 4.4 Statement of Comprehensive Income, 9M 2012

€ million	9M 2012			Adjustment				9M 2012 restated
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	Before taxes	Deferred taxes	
Net income for the period			127.5	4.2				131.7
Remeasurements of defined benefit plans	–	–	–	–477.2	129.9	–477.2	129.9	–347.3
Difference from foreign currency translation adjustments	4.3	–	4.3	–	–	4.3	–	4.3
Income and expenses recognized in equity	4.7	0.3	5.0	–477.2	129.9	–472.5	130.2	–342.3
Total income and expenses reported			132.5					–210.6
Of which								
Attributable to Wacker Chemie AG shareholders			130.2					–212.9
Attributable to non-controlling interests			2.3					2.3

T 4.5 Consolidated Statement of Changes in Equity, 9M 2012

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	**Total**
Reported								
Jan. 1, 2012	260.8	157.4	–45.1	2,216.4	13.9	2,603.4	26.3	**2,629.7**
Net income for the period				125.2		125.2	2.3	**127.5**
Dividends paid				–109.3		–109.3	–1.4	**–110.7**
Income and expenses recognized in equity					5.0	5.0	–	**5.0**
Sept. 30, 2012	260.8	157.4	–45.1	2,232.3	18.9	2,624.3	27.2	**2,651.5**
Adjustment								
Adjustment of retained earnings	–	–	–	–226.7	–	–226.7	–	**–226.7**
Net income for the period	–	–	–	4.2	–	4.2	–	**4.2**
Income and expenses recognized in equity	–	–	–	–	–347.3	–347.3	–	**–347.3**
Restated								
Jan. 1, 2012	260.8	157.4	–45.1	1,989.7	13.9	2,376.7	26.3	**2,403.0**
Net income for the period				129.4		129.4	2.3	**131.7**
Dividends paid				–109.3		–109.3	–1.4	**–110.7**
Income and expenses recognized in equity					–342.3	–342.3	–	**–342.3**
Sept. 30, 2012	260.8	157.4	–45.1	2,009.8	–328.4	2,054.5	27.2	**2,081.7**

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

IFRS 7 Amendment

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

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

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

IFRS 13, Fair Value Measurement

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

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

Other taxes are now recognized in the statement of financial position as either “other assets” or “other liabilities.” Previously, these taxes were recognized together with income taxes under the items “tax receivables” or “tax liabilities.” The prior-year figures have been adapted to improve comparability. As of September 30, 2012, €10.7 million was reclassified from noncurrent tax receivables to other noncurrent assets. An amount of €36.6 million was reclassified from current tax receivables to other current assets. On the equity and liabilities side, €15.2 million was reclassified from current tax liabilities to other current liabilities.

Changes in the Scope of Consolidation

As of September 30, 2013, the scope of consolidation comprised 55 companies, including Wacker Chemie AG, and a special-purpose entity. Fifty companies were fully consolidated in the interim financial statements. The scope of consolidation has not changed compared with December 31, 2012.

Segment Reporting

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

Several non-core organizational units were reorganized within the segments effective January 1, 2013. WACKER's salt business, the sales and profit for which were previously reported under WACKER POLYSILICON, is now treated as part of the "Other" segment. In the first three quarters of 2013, sales from this business to be recognized in the "Other" segment reached a euro amount in the double-digit millions, making a positive contribution to earnings. There were effects of a similar magnitude in the previous year and no adjustment was made. In addition, internal cost allocation between the segments was harmonized, causing the volume of internal sales reported for the segments to decrease. The decrease caused the internal sales figures for 2012 to drop by around €80 million in the nine-month period.

Information on Fair Value

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

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

€ million	As of Sept. 30, 2013		As of Dec. 31, 2012	
	Fair value	Carrying amount	Fair value	Carrying amount
Trade receivables	681.6	681.6	600.2	600.2
Other financial assets[1]	568.3	581.4	675.9	691.9
Held-to-maturity securities	–	–	112.5	115.1
Available-for-sale securities	220.1	220.1	191.9	191.9
Loans and receivables	333.2	333.2	360.1	360.1
Available-for-sale financial assets[2]	n.a.	13.1	n.a.	13.4
Derivative financial instruments	15.0	15.0	11.4	11.4
Cash and cash equivalents	573.3	573.3	192.6	192.6
Financial liabilities	1,451.1	1,436.5	1,191.5	1,151.9
Liabilities from finance leases	39.9	39.9	45.3	45.3
Trade payables	352.2	352.2	379.8	379.8
Other financial liabilities[3]	153.9	153.9	149.7	149.7
Financial liabilities recognized at amortized cost	128.3	128.3	129.5	129.5
Derivative financial instruments	25.6	25.6	20.2	20.2

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

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

In Q2 2013, WACKER sold a small investment measured at amortized cost following exercise of a call option. The sale generated euro earnings in the single-digit million range.

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

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

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

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

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

T 4.7 Fair Value Hierarchy

€ million	Fair value hierarchy as of Sept. 30, 2013				Fair value hierarchy as of Dec. 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Fair value through profit or loss								
Derivatives for which hedge accounting is not used (assets held for trading)	–	3.3	–	3.3	–	5.6	–	5.6
Fair value through other comprehensive income								
Derivatives for which hedge accounting is used	–	11.7	–	11.7	–	5.8	–	5.8
Available-for-sale financial assets	220.1	–	–	220.1	191.9	–	–	191.9
Total	220.1	15.0	–	235.1	191.9	11.4	–	203.3
Financial liabilities measured at fair value								
Fair value through profit or loss								
Derivatives for which hedge accounting is not used (liabilities held for trading)	–	0.7	–	0.7	–	5.3	–	5.3
Fair value through other comprehensive income								
Derivatives for which hedge accounting is used	–	24.9	–	24.9	–	14.9	–	14.9
Total	–	25.6	–	25.6	–	20.2	–	20.2

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

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

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

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

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

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

Related Party Disclosures

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

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

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

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

Wacker Chemie AG's pension fund is also considered a related party pursuant to IAS 24. Provision of services takes place between the two entities in the area of company pension plan benefits. WACKER makes payments to plan assets to cover pension obligations. Wacker Chemie AG also rents the headquarters building, and the property on which it stands, from a subsidiary of Pensionskasse der Wacker Chemie VVaG. Overall, expenditures in the quarter under review amounted to €27.6 million (Q3 2012: €29.3 million). As of September 30, 2013, WACKER had outstanding receivables from the pension fund of €9.2 million (Dec. 31, 2012: €35.2 million).

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

Business with non-consolidated subsidiaries, the pension fund, and joint ventures and associated companies is carried out on conditions that are customary between outside third parties. Contractually agreed transfer-price formulas have been defined for product deliveries from joint ventures and associated companies.

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

T 4.8 Related Party Disclosures

€ million	9M 2013		2013 Sept. 30, 2013		9M 2012		2012 Dec. 31, 2012	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associated companies	3.5	81.9	1.2	12.5	3.5	94.6	–	6.2
Joint ventures	50.4	39.3	17.4	4.2	67.9	43.9	16.8	4.3
Other	–	–	–	0.2	–	–	–	0.3

In addition, €246.1 million was loaned to associated companies and joint ventures (Dec. 31, 2012: €256.2 million). The loans contain capitalized interest income for the fiscal year of €7.6 million (Dec. 31, 2012: €5.9 million). For further information, please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2012.

Exchange Rates

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

T 4.9 Exchange Rates

	Exchange rate as of			Average exchange rate	
	Sept. 30, 2013	Sept. 30, 2012	Dec. 31, 2012	Q3 2013	Q3 2012
USD	1.35	1.29	1.32	1.32	1.25
JPY	132.10	100.30	113.51	131.06	98.23
SGD	1.70	1.58	1.61	1.68	1.56
CNY	8.26	8.13	8.22	8.11	7.94

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, October 31, 2013
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Tobias Ohler**

Joachim Rauhut **Auguste Willems**

Responsibility Statement

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

Munich, October 31, 2013
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Tobias Ohler**

Joachim Rauhut **Auguste Willems**

List of Tables and Figures

WACKER Stock

Interim Group Management Report

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2014 Financial Calendar

March 18
Publication of the 2013 Annual Report

May 5
Interim Report on the 1st Quarter of 2014

May 15
Annual Shareholders' Meeting

July 31
Interim Report on the 2nd Quarter of 2014

October 30
Interim Report on the 3rd Quarter of 2014

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This report contains forward-looking statements based on assumptions and estimates of WACKER's Executive Board. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. WACKER does not plan to update the forward-looking statements, nor does it assume the obligation to do so.

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

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