

January through March 2017

Published on April 27, 2017

Q1



Interim Report — January through March 2017

Group sales for Q1 2017 reach €1.22 billion, up 8 percent year over year and 6 percent quarter over quarter

Chemical divisions lift sales strongly amid good customer demand

At €229 million, EBITDA up 12 percent from a year earlier and 4 percent from a quarter ago

Q1 2017 net income of €666 million includes the gain from Siltronic deconsolidation

Capital expenditures decline by 49 percent year over year

Net cash flow clearly positive at €53 million

Stake in Siltronic reduced to 30.8 percent in the reporting quarter

WACKER SILICONES raises forecast, with other divisions reconfirming expectations

Group forecast revised due to deconsolidation of Siltronic: EBITDA – adjusted for special income – expected to decline and sales to grow in 2017, both by a mid-single-digit percentage

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Cover – WACKER's booth at the European Coatings Show in Nuremberg, Germany:
The ECS is the world's leading tradeshow for paints and coatings.

WACKER — At a Glance

€ million

Q1 2017

Q1 2016⁶ Change in %

Results/Return/Cash Flow

Sales	1,218.8	1,133.1	7.6
EBITDA ¹	229.3	205.3	11.7
EBITDA margin ² (%)	18.8	18.1	–
EBIT ³	73.2	64.1	14.2
EBIT margin ² (%)	6.0	5.7	–
Financial result	–23.6	–24.7	–4.5
Income from continuing operations before income taxes	49.6	39.4	25.9
Income from continuing operations	31.2	27.2	14.7
Income from discontinued operations	634.7	–11.1	n.a.
Net income for the period	665.9	16.1	>100
Earnings per share from continuing operations (basic/diluted) (€)	0.59	0.52	12.6
Earnings per share (basic/diluted) (€)	13.19	0.41	>100
Capital expenditures (incl. financial assets)	46.7	90.7	–48.5
Depreciation/amortization (incl. financial assets)	156.1	141.2	10.6
Net cash flow ⁴ from continuing operations	53.2	–10.3	n.a.

	March 31, 2017	March 31, 2016	Dec. 31, 2016
Financial Position			
Total assets	7,369.0	7,441.9	7,461.6
Equity	3,220.1	2,487.7	2,593.2
Equity ratio (%)	43.7	33.4	34.8
Financial liabilities	1,426.6	1,636.3	1,458.2
Net financial debt ⁵	687.4	1,110.0	992.5
Employees (number at end of period)	13,594	17,048	17,205

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 long-term investing 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.

⁶ Adjusted in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations)

Dear Shareholders,

The WACKER Group got off to a good start in 2017 in a somewhat challenging environment. We lifted both sales and EBITDA compared with a year ago and versus Q4 2016.

These gains were again driven by our chemical divisions. In particular, demand remained very strong for our silicones, but we also posted volume growth in polymers. Our chemical sales and operating result were thus higher in the reporting quarter than a year ago. Given the very good order levels, we have revised upward our annual sales and EBITDA forecast for WACKER SILICONES.

Market conditions for our polysilicon business are more difficult at the moment. Spot-market prices for solar silicon have declined significantly in recent weeks. We made use of this situation to increase our inventory levels in Asia and thus considerably shorten delivery times for our customers in the region. As a result, sales at WACKER POLYSILICON came in slightly lower year over year. Generally, though, we anticipate further growth in the global photovoltaic market this year, which will have a positive impact on polysilicon demand.

4 Ever since Siltronic's IPO, we have repeatedly pointed out that our mid- to long-term goal is to give up majority ownership of our semiconductor subsidiary. We have now completed this strategic step. In a March 15 bookbuilding offering to institutional investors, we sold a total of 6.3 million WACKER-held shares in Siltronic. Our Siltronic stake is now just under 31 percent.

We took this step at the best possible time for both companies. Siltronic is in very good shape. What is even more important is that the outlook for the semiconductor market, and thus for Siltronic, is extremely positive. In concluding this transaction, we have now achieved the strategic goals that we pursued with a non-controlling position at Siltronic: we have put the Group on a less capital-intensive footing and are focusing investments on strengthening our chemical divisions' supply chains.

In the reporting quarter, we continued to make good progress with our strategy of investing cost-effectively in capacity expansions for downstream products. For example, we are constructing an additional dispersion reactor in Burghausen, with an annual capacity of 60,000 metric tons. At our silicones site in Jandira, Brazil, we are building a multifunctional facility for manufacturing antifoam agents and functional silicone fluids.

Our aim with these and other expansion projects is to meet our customers' steadily growing demand for our high-quality silicone and polymer products. At the same time, we can reinforce our strong position in global growth markets and create the foundations for growing your company profitably in the years ahead.

Munich, April 27, 2017
Wacker Chemie AG's Executive Board

WACKER Stock

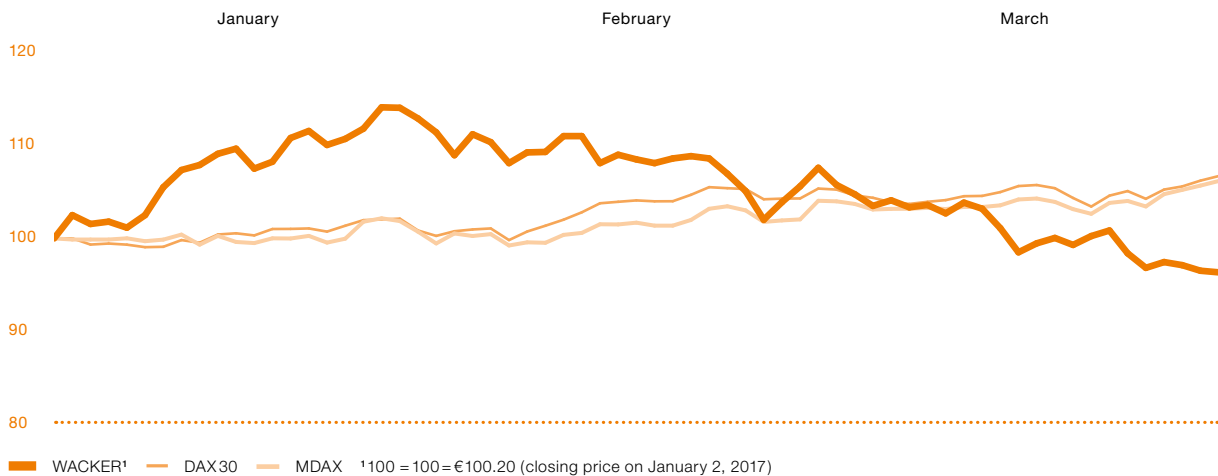
Equity markets worldwide performed solidly in the first quarter of 2017. Despite increased political uncertainty in Europe and the USA and ongoing geopolitical crises, the major stock market indices advanced noticeably from January through March. Financial markets in Germany were buoyed by the continued accommodative monetary policy of the European Central Bank. In the United States, stock prices were lifted by hopes of a multiple-hundred-billion-dollar, federal infrastructure-spending program and tax cuts for businesses. At the same time, the us labor market approached full employment. To counter the risk of the us economy overheating, the Federal Reserve raised the federal funds rate by 0.25 percentage points in mid-March, to a new target range of 0.75 percent to 1.0 percent.

After getting off to a slow start in 2017, the two German benchmark indices made noticeable gains as of early February. Both the DAX and the MDAX rose more than 6 percent in the reporting quarter.

WACKER stock had started Q1 2017 at €100.20 and initially posted substantial gains, supported by positive analyst comments. After reaching a high of €114.30 on January 26, the share price came under pressure. The factors involved here included concerns among market participants about the impact of rising raw-material prices and lower solar-silicon market prices. The share price gradually declined, reaching its reporting-quarter low of €96.55 on March 31. That was almost 4 percent lower than at the start of the year and corresponded to a market capitalization of €4.80 billion.

✂ Please refer to the 2016 Annual Report (pages 36 to 40) and the internet (www.wacker.com/investor-relations) for more details about WACKER stock.

WACKER Share Performance in Q1 2017 (indexed to 100)¹



Group Performance and Earnings

January 1 to March 31, 2017

Sales

€ million	Q1 2017	Q1 2016 ¹	Change in %
WACKER SILICONES	555.6	491.3	13.1
WACKER POLYMERS	306.8	285.9	7.3
WACKER BIOSOLUTIONS	51.4	49.6	3.6
WACKER POLYSILICON	268.1	273.1	-1.8
Corporate functions/Other	41.8	40.7	2.7
Consolidation	-4.9	-7.5	-34.7
Group sales	1,218.8	1,133.1	7.6

EBITDA

€ million	Q1 2017	Q1 2016 ¹	Change in %
WACKER SILICONES	107.4	87.9	22.2
WACKER POLYMERS	52.3	64.4	-18.8
WACKER BIOSOLUTIONS	10.6	9.6	10.4
WACKER POLYSILICON	70.5	39.4	78.9
Corporate functions/Other	-12.7	4.1	n.a.
Consolidation	1.2	-0.1	n.a.
Group EBITDA	229.3	205.3	11.7

EBIT

€ million	Q1 2017	Q1 2016 ¹	Change in %
WACKER SILICONES	86.7	68.0	27.5
WACKER POLYMERS	42.7	54.6	-21.8
WACKER BIOSOLUTIONS	7.7	6.8	13.2
WACKER POLYSILICON	-31.7	-48.3	-34.4
Corporate functions/Other	-33.4	-17.0	96.5
Consolidation	1.2	0.0	n.a.
Group EBIT	73.2	64.1	14.2

¹ Adjusted in accordance with IFRS 5

Early in the year, WACKER sold an initial 1.8 million shares from its stake in Siltronic AG on the stock exchange. Then, on March 15, 2017, the Group sold a further 6.3 million Siltronic shares in a bookbuilding offering to institutional investors. As a result, WACKER's share in Siltronic decreased from 57.8 percent as of December 31, 2016 to 30.8 percent now.

As stipulated by IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), WACKER is retrospectively reporting the net income of Siltronic AG and its subsidiaries for 2016 as "income from discontinued operations." The gain associated with the loss of control of Siltronic is calculated as the sum of the cash inflow from the bookbuilding offering and the revaluation of the remaining shares (at the transaction price) – less net assets of Siltronic attributable to WACKER and transaction costs. The gain associated with the loss of control is shown under the "income from discontinued operations" line item. Siltronic's net income for Q1 2017 and the prior-year periods is also posted under this line item.

The loss of control over Siltronic means that its assets and liabilities are no longer recognized within the Group. The deconsolidation of Siltronic caused the Group's balance sheet total to contract only marginally because the cash inflow from the two transactions and remeasurement of the remaining shares compensated for the deconsolidation of Siltronic's assets.

Since March 15, 2017, Siltronic has been accounted for using the equity method and the Siltronic Group's pro rata net income for the period will, in the future, be included in the result from investments in joint ventures and associates. The figures shown in the statement of income for continuing operations in the current period and the prior-year period are comparable.

The WACKER Group expanded its sales in the first quarter of 2017, both year over year and quarter over quarter. Sales reached €1,218.8 million in the reporting quarter, after

€1,133.1 million a year earlier. This increase of almost 8 percent was mainly due to higher volumes of silicones and polymer products. Positive exchange-rate effects also lifted sales slightly. Prices, on the other hand, were lower on balance, which dampened sales. Relative to the preceding quarter (€1,151.1 million), Group sales were up by around 6 percent.

Sales Up Year Over Year in All Regions

In Q1 2017, WACKER increased its sales in every region compared with a year earlier. The biggest percentage gain was in Southeast Asia. Compared with Q4 2016, the Group posted growth across every region, too, with the exception of Asia. Sales there declined by almost 8 percent amid volume and price effects.

Group Sales by Region

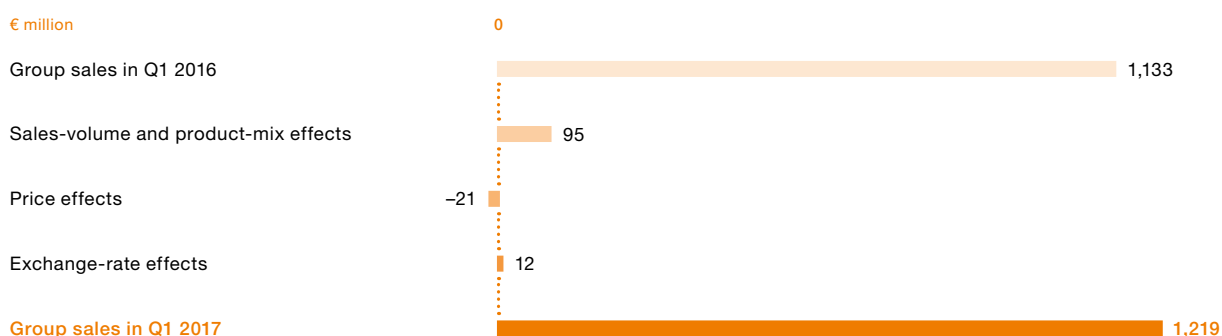
€ million	Q1 2017	Q1 2016 ¹	Change in %	% of Group sales
Europe	497.2	462.0	7.6	41
The Americas	219.8	203.9	7.8	18
Asia	444.6	418.1	6.3	36
Other regions	57.2	49.1	16.5	5
Total sales	1,218.8	1,133.1	7.6	100

¹ Adjusted in accordance with IFRS 5

EBITDA Reaches €229 Million, with EBITDA Margin at 18.8 Percent

In Q1 2017, the WACKER Group posted earnings before interest, taxes, depreciation and amortization (EBITDA) of €229.3 million. That was 12 percent higher than a year ago (€205.3 million) and 4 percent more than in the last quarter (€221.2 million). In addition to sales growth, earnings were supported by high plant-utilization rates in the reporting quarter.

Year-over-Year Sales Comparison



The Group's EBITDA margin for the three months from January through March 2017 was 18.8 percent, compared with 18.1 percent a year earlier and 19.2 percent a quarter ago.

The cost-of-sales ratio was 82 percent in the reporting quarter, two percentage points below the Q1 2016 figure. In the year-earlier period, start-up costs for the new site in Charleston, Tennessee, had increased the cost of sales.

EBIT and Net Income for the Period Rise Substantially Year over Year and Quarter over Quarter

Reconciliation of EBITDA to EBIT

€ million	Q1 2017	Q1 2016 ¹	Change in %
EBITDA	229.3	205.3	11.7
Depreciation/ appreciation of fixed assets	-156.1	-141.2	10.6
EBIT	73.2	64.1	14.2

¹ Adjusted in accordance with IFRS 5

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The Group's earnings before interest and taxes (EBIT) totaled €73.2 million in Q1 2017, after €64.1 million a year earlier. That was a year-over-year increase of 14 percent and yielded an EBIT margin of 6.0 percent, compared with 5.7 percent a year ago. EBIT grew by around 20 percent relative to Q4 2016 (€60.8 million).

The fact that depreciation was substantially higher year over year weighed on reporting-quarter EBIT. Due to the new Charleston site, depreciation climbed from €141.2 million in Q1 2016 to €156.1 million in the reporting quarter.

Reconciliation of EBIT to Net Income for the Period

€ million	Q1 2017	Q1 2016 ¹	Change in %
EBIT	73.2	64.1	14.2
Financial result	-23.6	-24.7	-4.5
Income from continuing operations before income taxes	49.6	39.4	25.9
Income taxes	-18.4	-12.2	50.8
Income from continuing operations	31.2	27.2	14.7
Income from discontinued operations	634.7	-11.1	n.a.
Net income for the period	665.9	16.1	>100
Of which			
Attributable to Wacker Chemie AG shareholders	655.3	20.2	>100
Attributable to non-controlling interests	10.6	-4.1	n.a.
Earnings per share in € (basic/diluted)	13.19	0.41	>100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	-

¹ Adjusted in accordance with IFRS 5

Financial and Net Interest Result

In Q1 2017, WACKER's financial result amounted to €-23.6 million, compared with €-24.7 million a year earlier. Interest expense was unchanged year over year. The other financial result was €-14.9 million, after €-15.6 million a year ago. It includes not only the interest-rate effects of provisions for pensions and other provisions, but also the costs of derivative financial instruments used to hedge Group loans.

Income Taxes

The effective tax rate for the first three months of the year was 37.1 percent, after 30.9 percent a year earlier. This increase was attributable to lower income before taxes and to non-deductible expenses.

Net Income for the Period

Net income came in at €665.9 million in Q1 2017, compared with €16.1 million a year ago. The effects described above caused income from continuing operations to rise from €27.2 million a year ago to €31.2 million in the reporting quarter. Income from discontinued operations amounted to €634.7 million, versus €–11.1 million a year earlier: Siltronic posted net income of €17.7 million for January through March 2017, after €–11.1 million a year ago, while the deconsolidation of Siltronic as a segment of the WACKER Group resulted in a gain of €17.0 million.

The following table shows the individual components of income from discontinued operations:

€ million	
Proceeds from sale (before transaction costs)	353.2
Revaluation of remaining 30.8-percent equity-accounted stake in Siltronic	518.6
Total divested assets and liabilities of Siltronic	–453.3
Disposal of shares of non-controlling interests in the WACKER Group	214.7
Pro rata difference remaining from currency translation	–11.6
Costs that cannot be capitalized (taxes, transaction costs)	–4.6
Gain associated with loss of control	617.0
Net income from Siltronic, Q1 2017	17.7
Income from discontinued operations	634.7

Earnings per Share

Due to the high gain from the disposal of shares, earnings per share reached €13.19 in Q1 2017, after €0.41 in the same period last year. Earnings per share from continuing operations amounted to €0.59 in the reporting quarter versus €0.52 a year earlier.

Division Performance

WACKER SILICONES

€ million	Q1 2017	Q1 2016	Change in %
External sales	555.5	491.2	13.1
Internal sales	0.1	0.1	–
Total sales	555.6	491.3	13.1
EBIT	86.7	68.0	27.5
EBIT margin (%)	15.6	13.8	–
Depreciation	20.7	19.9	4.0
EBITDA	107.4	87.9	22.2
EBITDA margin (%)	19.3	17.9	–
Capital expenditures	16.4	10.8	51.9
R&D expenses	14.9	8.7	71.3
As of	March 31, 2017	Dec. 31, 2016	Change in %
Employees (number)	4,657	4,566	2.0

In Q1 2017, WACKER SILICONES posted total sales of €555.6 million, compared with €491.3 million a year earlier. That corresponded to an increase of 13 percent, which was primarily attributable to higher volumes. Positive exchange-rate effects also lifted sales slightly. Although prices rose in some regions and for some product groups compared with both Q1 and Q4 2016, the overall effect of price changes on sales was slightly negative. The division surpassed its prior-quarter sales (€492.3 million) by about 13 percent.

On balance, volumes at all of WACKER SILICONES' business units were higher in the reporting quarter than in the same period last year. Silicone rubber, for instance, performed particularly well, as did silicones for sealants and adhesives and for power-engineering applications.

EBITDA at WACKER SILICONES reached €107.4 million in the reporting quarter, some 22 percent higher than a year ago (€87.9 million). Against the preceding quarter (€78.9 million), it was up 36 percent. Alongside sales growth, high plant-utilization of over 90 percent and good cost levels had a positive impact on profitability. The EBITDA margin improved to 19.3 percent in Q1 2017, after 17.9 percent a year earlier and 16.0 percent a quarter ago.

WACKER SILICONES invested €16.4 million in the reporting quarter, compared with €10.8 million in the same period last year. The funds went primarily toward expanding capacities for downstream silicone products.

WACKER POLYMERS

€ million	Q1 2017	Q1 2016	Change in %
External sales	302.0	280.9	7.5
Internal sales	4.8	5.0	-4.0
Total sales	306.8	285.9	7.3
EBIT	42.7	54.6	-21.8
EBIT margin (%)	13.9	19.1	-
Depreciation	9.6	9.8	-2.0
EBITDA	52.3	64.4	-18.8
EBITDA margin (%)	17.0	22.5	-
Capital expenditures	8.1	3.6	>100
R&D expenses	8.5	4.4	93.2
As of	March 31, 2017	Dec. 31, 2016	Change in %
Employees (number)	1,498	1,484	0.9

Total sales at WACKER POLYMERS reached €306.8 million in the reporting quarter, up by more than 7 percent over a year ago (€285.9 million). Substantially higher volumes for dispersions and dispersible polymer powders were the main factors in this growth. Exchange-rate effects also supported sales. On the other hand, prices were somewhat lower year over year on balance, which slowed the sales trend. The division surpassed its sales of a quarter ago (€275.0 million) by about 12 percent.

Dispersible polymer powders and dispersions for the construction sector performed well, as did business with polymer products for technical textiles, paints and coatings and for the carpet industry. WACKER POLYMERS' plant-utilization rate averaged around 85 percent in the quarter under review.

WACKER POLYMERS' reporting-quarter EBITDA totaled €52.3 million, after €64.4 million a year ago. This decline of 19 percent was prompted mainly by a substantial year-over-year increase in raw-material prices. The division announced price rises for its products in order to counter this trend. On the other hand, EBITDA grew by about 16 percent compared with a quarter ago (€45.2 million). Seasonal effects played a role in this increase. The reporting-quarter EBITDA margin came in at 17.0 percent, after 22.5 percent a year earlier and 16.4 percent a quarter ago.

From January through March 2017, WACKER POLYMERS' capital expenditures totaled €8.1 million, compared with €3.6 million a year earlier.

WACKER BIOSOLUTIONS

€ million	Q1 2017	Q1 2016	Change in %
External sales	51.4	49.6	3.6
Internal sales	-	-	-
Total sales	51.4	49.6	3.6
EBIT	7.7	6.8	13.2
EBIT margin (%)	15.0	13.7	-
Depreciation	2.9	2.8	3.6
EBITDA	10.6	9.6	10.4
EBITDA margin (%)	20.6	19.4	-
Capital expenditures	2.0	1.7	17.6
R&D expenses	1.5	1.4	7.1
As of	March 31, 2017	Dec. 31, 2016	Change in %
Employees (number)	520	510	2.0

WACKER BIOSOLUTIONS generated total sales of €51.4 million from January through March 2017, up by around 4 percent from a year earlier (€49.6 million). Higher volumes and positive exchange-rate effects were the key drivers of this growth. Conversely, somewhat lower prices in a number of areas dampened sales growth. Business in cyclodextrins, cysteine and pharmaceutical proteins developed especially well compared with a year earlier. The division also exceeded its Q4 2016 sales (€49.6 million) by 4 percent.

EBITDA at WACKER BIOSOLUTIONS reached €10.6 million in the reporting quarter, a good 10 percent higher than a year ago (€9.6 million). The key factors in this growth were higher sales and the division's good cost situation, which was

also due to high plant-utilization levels. WACKER BIOSOLUTIONS exceeded its prior-quarter EBITDA figure (€7.1 million) by 49 percent. The EBITDA margin rose accordingly to 20.6 percent, after 19.4 percent a year ago and 14.3 percent in Q4 2016.

WACKER BIOSOLUTIONS invested €2.0 million in the reporting quarter versus €1.7 million a year ago.

WACKER POLYSILICON

€ million	Q1 2017	Q1 2016	Change in %
External sales	245.4	251.6	-1.8
Internal sales	22.7	21.5	-
Total sales	268.1	273.1	-1.8
EBIT	-31.7	-48.3	-34.4
EBIT margin (%)	-11.8	-17.7	-
Depreciation	102.2	87.7	16.5
EBITDA	70.5	39.4	78.9
EBITDA margin (%)	26.3	14.4	-
Capital expenditures	12.9	69.1	-81.3
R&D expenses	6.9	4.3	60.5

As of	March 31, 2017	Dec. 31, 2016	Change in %
Employees (number)	2,518	2,490	1.1

WACKER POLYSILICON generated total sales of €268.1 million in the reporting quarter. That was 2 percent lower than a year earlier (€273.1 million) and 10 percent less than a quarter ago (€297.2 million). The slight year-over-year decline was mainly prompted by somewhat lower volumes for solar business. On the other hand, higher solar-silicon prices – both year over year and quarter over quarter – supported sales. Volumes fell substantially compared with Q4 2016. Spot-market prices for solar silicon have declined significantly in recent weeks. The division made use of this situation to increase its inventory levels in Asia and thus considerably shorten delivery times to its customers in the region.

WACKER POLYSILICON's reporting-quarter EBITDA amounted to €70.5 million, up 79 percent versus a year ago (€39.4 million). This strong increase was primarily due to the costs incurred last year to commission the new polysilicon plant in Charleston, Tennessee (USA). In Q1 2016, these costs had lowered the division's EBITDA by around €30 million. Relative to a quarter ago (€86.5 million), EBITDA

was down by almost 19 percent. One of the main reasons for this decrease was the special income of €13.3 million posted in Q4 2016 from advance payments retained and damages received from solar-sector customers. The division's EBITDA margin was 26.3 percent in the reporting quarter, after 14.4 percent in Q1 2016 and 29.1 percent in Q4 2016.

WACKER POLYSILICON invested €12.9 million in the reporting quarter. A year earlier, capital expenditures had reached €69.1 million due to start-up of the production site in Charleston, Tennessee.

Net Assets and Financial Position

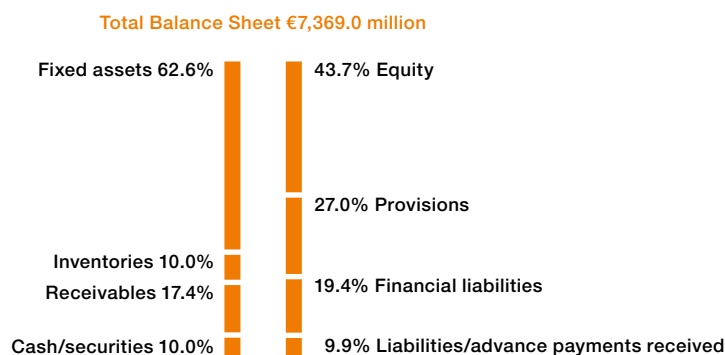
March 31, 2017

Group's Total Balance Sheet Contracts by 1 Percent

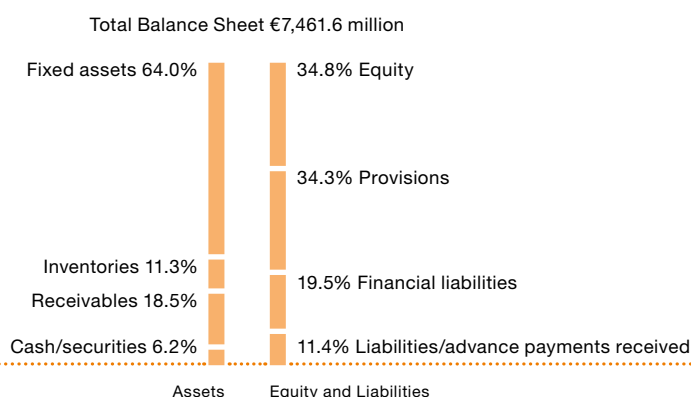
The WACKER Group's balance sheet totaled €7.37 billion as of March 31, 2017, after €7.46 billion at December 31, 2016. Overall, the balance sheet reflected the contrasting effects of an increase in working capital for continuing operations and of the deconsolidation of Siltronic. In early February, WACKER sold an initial 6 percent of Siltronic's shares on the stock exchange, generating proceeds of €87.6 million. After this sale, WACKER held 51.8 percent of Siltronic. As WACKER retained a majority interest, the transaction's effects were reflected solely in equity. On March 15, 2017, WACKER sold another 21 percent of Siltronic. Effective the same date, the Siltronic Group was deconsolidated, as WACKER no longer had a controlling interest. This sale generated proceeds of €353.2 million before deduction of transaction costs. The entire proceeds from both sales were paid to WACKER in cash.

Asset and Capital Structure

March 31, 2017



Dec. 31, 2016



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The deconsolidation of Siltronic resulted in the elimination of the following assets and liabilities of that company from WACKER's balance sheet as of March 31, 2017:

Carrying Amounts of the Siltronic Sub-Group's Assets and Liabilities

€ million	March 31, 2017
Intangible assets	5.2
Property, plant and equipment	513.2
Securities	89.3
Inventories	144.3
Trade receivables	128.4
Other assets	33.4
Cash and cash equivalents	161.4
Total assets	1,075.2
Provisions for pensions	-371.3
Financial liabilities	-41.9
Trade payables	-82.3
Other liabilities and provisions	-126.4
Total liabilities	-621.9
Sum of assets and liabilities	453.3

WACKER accounted for its remaining 30.8-percent stake in Siltronic using the equity method. The shares were measured at fair value and recognized in the amount of €518.6 million in the balance sheet.

Fixed Assets Decline Slightly Due to Exchange-Rate Effects and Depreciation

Compared with the end of last year, fixed assets declined by €156.1 million to €4.50 billion (Dec. 31, 2016: €4.65 billion) as a result of depreciation. Capital expenditures lifted fixed assets by €46.7 million. The derecognition of Siltronic's fixed assets was compensated for by the recognition of the remaining interest in Siltronic as an investment in associates. Changes in exchange rates decreased fixed assets by €37.3 million.

Working Capital Remains Virtually Unchanged When Adjusted for Derecognition of Siltronic

Working capital was 5 percent lower as of March 31, 2017. The share of derecognized working capital attributable to Siltronic amounted to €135.4 million as of the reporting date. The main effect of the positive performance of continuing operations was a substantial increase in trade receivables. On balance, inventories and liabilities were almost unchanged.

Ongoing deliveries to polysilicon customers and the effects of the deconsolidation of Siltronic were the reasons for the reduction in advance payments received, which declined from €270.8 million as of December 31, 2016, to €227.8 million as of the end of Q1 2017.

Change in Working Capital

€ million	March 31, 2017	March 31, 2016	Change in %	Dec. 31, 2016	Change in %
Trade receivables	756.3	763.8	-1.0	775.7	-2.5
Inventories	736.9	785.1	-6.1	846.3	-12.9
Trade payables	-299.1	-316.1	-5.4	-369.7	-19.1
Working capital	1,194.1	1,232.8	-3.1	1,252.3	-4.6

Sale of Siltronic Shares Increases**Liquidity by 59 Percent**

As of March 31, 2017, WACKER posted liquid assets (current and noncurrent securities, cash and cash equivalents) of €739.2 million (Dec. 31, 2016: €465.7 million). WACKER generated total proceeds of €440.8 million through the sale of Siltronic shares. The deconsolidation of Siltronic reduced cash and cash equivalents by €161.4 million.

Provisions for Pensions Decline**Due to Higher Discount Rate**

Provisions for pensions fell from €2.11 billion to €1.60 billion, with the deconsolidation of Siltronic accounting for €371.3 million of that decrease. The applicable discount rates rose on balance, which reduced provisions for pensions by €108.8 million. The discount rates were 2.07 percent in Germany (Dec. 31, 2016: 1.94 percent) and 3.90 percent in the USA (Dec. 31, 2016: 3.92 percent).

Equity Ratio at 43.7 Percent

Compared with year-end 2016, Group equity rose substantially, reaching €3.22 billion (Dec. 31, 2016: €2.59 billion). The main factor in this rise was the higher net income for the period due to the gain associated with the loss of control of Siltronic. This income raised equity by €665.9 million. The sale of a 6-percent stake in Siltronic increased equity by €87.6 million. The change in provisions for pensions that was recognized in other comprehensive income caused equity to rise by €85.5 million. Deconsolidation of the Siltronic Group reduced the share of non-controlling interests in equity by €214.7 million.

Net Cash Flow from Continuing Operations**Clearly Positive at €53 Million****Net Cash Flow**

€ million	March 31, 2017	March 31, 2016	Change in %
Cash flow from operating activities (gross cash flow)	95.9	108.9	-11.9
Changes in advance payments received	16.7	35.9	-53.5
Cash flow from long-term investing activities before securities	-59.4	-155.1	-61.7
Additions from finance leases	-	-	-
Net cash flow from continuing operations	53.2	-10.3	n.a.

Gross Cash Flow

Cash flow from operations (gross cash flow) totaled €95.9 million in Q1 2017, after €108.9 million a year ago. That was equivalent to a decrease of 12 percent. At €31.2 million, income from continuing operations in the quarter was virtually unchanged over a year ago (€27.2 million). However, it included substantially higher non-cash depreciation in the amount of €156.1 million (compared with €141.2 million a year earlier) and higher expenses – for personnel liabilities (vacation and flextime credits) as well as for variable compensation – that have not yet been paid. Payments from working capital had a negative effect on cash flow from operations in the amount of €108.8 million, compared with €77.2 million a year ago.

Cash Flow from Investing Activities

The cash flow from investing activities declined from €-155.1 million a year ago to €-59.4 million in Q1 2017 as a result of lower capital expenditures. These expenditures chiefly comprised current investments in relation to the chemical divisions.

Net Cash Flow from Continuing Operations

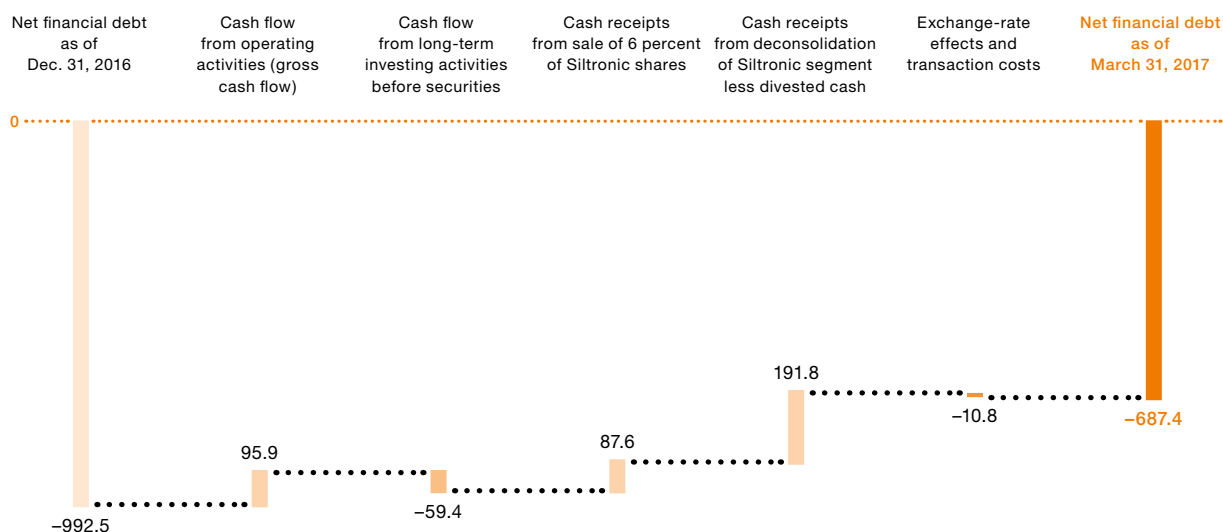
Due to the effects described above, net cash flow in the quarter amounted to €53.2 million, compared with €-10.3 million a year ago.

Cash Flow from Financing Activities

Cash flow from financing activities was €102.8 million in Q1 2017, after €198.7 million a year earlier. It mainly comprised the cash inflow of €87.6 million from the sale of the 6-percent stake in Siltronic.

Net Financial Debt

€ million



Financial Liabilities Unchanged

Due to exchange-rate effects, current and noncurrent financial liabilities were slightly lower as of the reporting date, amounting to €1.43 billion (Dec. 31, 2016: €1.46 billion). In Q1 2017, WACKER made use of prevailing low interest rates to refinance some €200 million in due financial liabilities by concluding a new long-term loan in the same amount.

Net Financial Debt Declines Substantially Amid Higher Liquidity

Net financial debt – the balance of noncurrent and current financial liabilities and liquid assets – declined substantially, from €992.5 million to €687.4 million. In addition to the positive operational performance, this decline was due to cash inflows from the sale of Siltronic shares. The Group received €87.6 million from its sale of Siltronic shares on the stock exchange without losing its controlling interest. This amount was recognized in cash flow from financing activities. The deconsolidation of Siltronic as a segment of the WACKER Group led to a cash inflow from investing activities of €191.8 million. This inflow comprised proceeds of €353.2 million from the sale less €161.4 million in Siltronic cash and cash equivalents, which were subsequently no longer available to WACKER.

Opportunities and Risks

Assessments of Opportunities and Risks Remain Unchanged

The key risk areas that might adversely affect our business situation, net assets, financial position and earnings in 2017 were explained in detail in our 2016 Annual Report, as were the main opportunities for our business and the nature of our risk management system.

See pages 90 to 106

The statements and assessments made there did not change in the reporting period.

Outlook Update

Sale of Siltronic Shares Results in Adjustments to the Group's Annual Forecast

We described in detail our projections for the Group's performance this year in the Outlook section of our 2016 Annual Report.

See pages 106 to 114

In the reporting quarter, we substantially reduced our stake in Siltronic AG. We began early in the year by selling 1.8 million of the Group's Siltronic AG shares on the stock exchange. Then, on March 15, 2017, WACKER sold 6.3 million Siltronic shares in a bookbuilding offering to institutional investors. As a result, WACKER's equity interest in Siltronic decreased from 57.8 percent as of December 31, 2016, to 30.8 percent now. As stipulated by IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), WACKER is reporting the net income of Siltronic AG and its subsidiaries retrospectively for 2016 as income from discontinued operations. Since March 15, 2017, our stake in Siltronic has been accounted for using the equity method.

This has not caused any changes to our division-specific expectations versus the corresponding statements in the 2016 Annual Report. But we are revising upward our projections for WACKER SILICONES due to strong demand for our silicone products. Even with raw-material prices rising, we expect both the division's sales and EBITDA to grow by a high single-digit percentage relative to last year (2016 Annual Report: mid-single-digit percentage increase in sales, with EBITDA slightly higher).

At the Group level, the revised forecast – based on the adjusted 2016 figures – is as follows:

Sales: Group sales in 2017 are expected to increase by a mid-single-digit percentage relative to last year (€4,634.2 million).

EBITDA margin and EBITDA: the EBITDA margin is projected to be somewhat lower than last year's figure of 20.6 percent (2016 Annual Report, including Siltronic: slightly below last year's level). On balance, market prices in our business will decrease and raw-material prices will rise, both of which will weigh on our EBITDA margin. EBITDA – on a comparable basis, i.e. adjusted to exclude special income – will decline by a mid-single-digit percentage from last year's €935.2 million figure (2016 Annual Report, including Siltronic:

Outlook for 2017

	Reported for 2016	Adjusted for 2016	Outlook for 2017
Key Financial Performance Indicators			
EBITDA margin (%)	20.4	20.6	Somewhat lower than last year
EBITDA (€ million)	1,101.4	955.5 ¹	Mid-single-digit percentage decrease on a comparable basis (excluding special income)
ROCE (%)	6.1	5.6	Slightly below last year's level
Net cash flow (€ million)	400.6	361.1	Substantially lower than last year
Supplementary Financial Performance Indicators			
Sales (€ million)	5,404.20	4,634.20	Mid-single-digit percentage increase
Capital expenditures (€ million)	427.6	338.1 ²	Around 360
Net financial debt (€ million)	992.5	992.5	Substantially lower than last year
Depreciation (€ million)	735.2	618.2 ²	Around 600

¹ Adjusted EBITDA for 2016, excluding special income, amounted to €935.2 million.

² Excluding Siltronic

at last year's level, on a comparable basis without special income).

ROCE: the Group's ROCE will be slightly below the 5.6 percent calculated for 2016 (2016 Annual Report, including Siltronic: at last year's level).

Net cash flow: we expect net cash flow in 2017 to be clearly positive, but substantially below the €361.1 million generated last year (2016 Annual Report, including Siltronic: at last year's level).

Capital expenditures and depreciation: capital expenditures for 2017 will amount to some €360 million (2016 Annual Report: around €450 million), which is a slight rise versus the year before (€338.1 million without Siltronic). Investments will, however, remain well below depreciation. In 2017, depreciation will come in at about €600 million (2016 Annual Report, including Siltronic: around €720 million), slightly below the year-earlier level (€618.2 million).

Net financial debt: as projected in the 2016 Annual Report, net financial debt will decrease further, to substantially below last year's level (€992.5 million).

Consolidated Statement of Income

January 1 to March 31, 2017

€ million	Q1 2017	Q1 2016 ¹	Change in %
Sales	1,218.8	1,133.1	7.6
Cost of goods sold	-1,004.8	-946.1	6.2
Gross profit from sales	214.0	187.0	14.4
Selling expenses	-70.6	-62.8	12.4
Research and development expenses	-42.5	-37.2	14.2
General administrative expenses	-37.9	-32.1	18.1
Other operating income	25.3	29.9	-15.4
Other operating expenses	-15.2	-23.2	-34.5
Operating result	73.1	61.6	18.7
Result from investments in joint ventures and associates	0.1	2.5	-96.0
EBIT (earnings before interest and taxes)	73.2	64.1	14.2
Interest income	1.6	1.2	33.3
Interest expenses	-10.3	-10.3	-
Other financial result	-14.9	-15.6	-4.5
Financial result	-23.6	-24.7	-4.5
Income from continuing operations before income taxes	49.6	39.4	25.9
Income taxes	-18.4	-12.2	50.8
Income from continuing operations	31.2	27.2	14.7
Income from discontinued operations	634.7	-11.1	n.a.
Net income for the period	665.9	16.1	>100
Of which			
Attributable to Wacker Chemie AG shareholders	655.3	20.2	>100
Attributable to non-controlling interests	10.6	-4.1	n.a.
Earnings per share			
Income from continuing operations	0.59	0.52	12.6
Income from discontinued operations	12.61	-0.11	n.a.
Earnings per share in € (basic/diluted)	13.19	0.41	>100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	-

¹ Adjusted in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations)

Consolidated Statement of Financial Position

As of March 31, 2017

€ million	March 31, 2017	March 31, 2016	Change in %	Dec. 31, 2016	Change in %
Assets					
Intangible assets	43.0	38.0	13.2	50.4	-14.7
Property, plant and equipment	3,928.4	4,636.0	-15.3	4,594.9	-14.5
Investment property	1.4	1.5	-6.7	1.5	-6.7
Investments in joint ventures and associates accounted for using the equity method	529.8	20.6	>100	11.2	>100
Securities	33.9	45.0	-24.7	56.0	-39.5
Other financial assets	108.7	110.3	-1.5	111.5	-2.5
Other receivables and other assets	5.7	4.2	35.7	3.7	54.1
Income tax receivables	-	2.6	-100.0	-	-
Deferred tax assets	428.2	403.5	6.1	449.9	-4.8
Noncurrent assets	5,079.1	5,261.7	-3.5	5,279.1	-3.8
Inventories	736.9	785.1	-6.1	846.3	-12.9
Trade receivables	756.3	763.8	-1.0	775.7	-2.5
Other financial assets	16.5	48.8	-66.2	65.1	-74.7
Other receivables and other assets	56.2	77.8	-27.8	67.2	-16.4
Income tax receivables	18.7	23.4	-20.1	18.5	1.1
Securities and fixed-term deposits held to maturity	269.7	48.8	>100	126.2	>100
Cash and cash equivalents	435.6	432.5	0.7	283.5	53.7
Current assets	2,289.9	2,180.2	5.0	2,182.5	4.9
Total assets	7,369.0	7,441.9	-1.0	7,461.6	-1.2
Equity and Liabilities					
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	3,191.9	2,429.1	31.4	2,488.7	28.3
Other equity items	-396.3	-507.7	-21.9	-482.4	-17.8
Equity attributable to Wacker Chemie AG shareholders	3,168.7	2,294.5	38.1	2,379.4	33.2
Non-controlling interests	51.4	193.2	-73.4	213.8	-76.0
Equity	3,220.1	2,487.7	29.4	2,593.2	24.2
Provisions for pensions	1,604.2	1,979.7	-19.0	2,107.8	-23.9
Other provisions	207.8	227.2	-8.5	247.4	-16.0
Income tax provisions	76.3	55.2	38.2	73.7	3.5
Financial liabilities	958.7	1,115.2	-14.0	791.1	21.2
Other financial liabilities	1.6	3.8	-57.9	2.3	-30.4
Other liabilities	148.2	254.9	-41.9	164.2	-9.7
Deferred tax liabilities	3.9	3.4	14.7	6.2	-37.1
Noncurrent liabilities	3,000.7	3,639.4	-17.5	3,392.7	-11.6
Other provisions	76.2	84.1	-9.4	95.0	-19.8
Income tax provisions	25.0	24.0	4.2	26.8	-6.7
Financial liabilities	467.9	521.1	-10.2	667.1	-29.9
Trade payables	299.1	316.1	-5.4	369.7	-19.1
Other financial liabilities	25.4	28.9	-12.1	61.8	-58.9
Income tax liabilities	0.7	0.3	>100	0.8	-12.5
Other liabilities	253.9	340.3	-25.4	254.5	-0.2
Current liabilities	1,148.2	1,314.8	-12.7	1,475.7	-22.2
Liabilities	4,148.9	4,954.2	-16.3	4,868.4	-14.8
Total equity and liabilities	7,369.0	7,441.9	-1.0	7,461.6	-1.2

Consolidated Statement of Cash Flows

January 1 to March 31, 2017

€ million	Q1 2017	Q1 2016 ¹	Change in %
Net income for the period	665.9	16.1	>100
Income from discontinued operations after taxes	-634.7	11.1	n.a.
Depreciation/appreciation of fixed assets	156.1	141.2	10.6
Result from disposal of fixed assets	-2.1	-1.2	75.0
Other non-cash expenses and income	11.0	38.7	-71.6
Result from equity accounting	-0.1	-2.5	-96.0
Net interest result	8.7	11.0	-20.9
Interest paid	-3.6	-9.6	-62.5
Interest received	1.0	0.3	>100
Income tax expense	18.4	11.7	57.3
Taxes paid	-25.6	-24.1	6.2
Dividends received	-	2.8	-100.0
Changes in inventories	-38.5	-2.9	>100
Changes in trade receivables	-73.4	-95.7	-23.3
Changes in non-financial assets	-2.1	-19.3	-89.1
Changes in financial assets	-4.0	9.3	n.a.
Changes in provisions	8.2	13.9	-41.0
Changes in non-financial liabilities	49.7	42.7	16.4
Changes in financial liabilities	-22.3	1.3	n.a.
Changes in advance payments received	-16.7	-35.9	-53.5
Cash flow from operating activities (gross cash flow) – continuing operations	95.9	108.9	-11.9
Cash flow from operating activities (gross cash flow) – discontinued operations	44.1	26.8	64.6
Cash flow from operating activities (gross cash flow)	140.0	135.7	3.2
Cash receipts and payments for investments	-65.1	-156.9	-58.5
Proceeds from disposal of fixed assets	5.7	1.8	>100
Cash flow from long-term investing activities before securities – continuing operations	-59.4	-155.1	-61.7
Cash receipts and payments for the acquisition/deconsolidation of securities and fixed-term deposits	-200.6	-43.6	>100
Cash flow from investing activities – continuing operations	-260.0	-198.7	30.9
Cash receipts from deconsolidation of Siltronic segment less divested cash and cash equivalents (loss of controlling interest)	191.8	-	-
Cash flow from investing activities – discontinued operations	-26.0	-13.5	92.6
Cash flow from investing activities	-94.2	-212.2	-55.6
Cash receipts from the change in ownership interests in Siltronic AG	87.6	-	n.a.
Changes in financial liabilities	15.2	198.7	-92.4
Cash flow from financing activities – continuing operations	102.8	198.7	-48.3
Cash flow from financing activities	102.8	198.7	-48.3
Changes due to exchange-rate fluctuations	3.5	-0.8	n.a.
Changes in cash and cash equivalents	152.1	122.0	24.7
At the beginning of the period	283.5	310.5	-8.7
At the end of the period	435.6	432.5	0.7

¹ Adjusted in accordance with IFRS 5

2017 — Financial Calendar



Annual Shareholders' Meeting



Interim Report on the 2nd Quarter of 2017



Capital Market Day 2017



Interim Report on the 3rd Quarter of 2017

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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 its 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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