WACKER

Q3

Interim Report January – September 2014

Published October 30, 2014

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Group sales for Q3 2014 come in at €1.23 billion, up 6 percent year on year and down almost 1 percent quarter on quarter

Every division generates higher sales compared with a year ago

At €348 million, third-quarter EBITDA – supported by non-recurring effects – more than doubles year on year and is 51 percent above Q2 2014

Net income for Q3 2014 amounts to €119 million

Capital expenditures are 56 percent above last year due to project-related factors, with the focus remaining on completing the Tennessee site

More specific earnings forecast: WACKER expects full-year EBITDA of around €1 billion, with Group sales up by a mid-single-digit percentage

Cover

Highly transparent silicone gels from WACKER ensure reflection-free displays that are easy to read even in bright surroundings.

WACKER at a Glance

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales	**1,232.2**	1,165.4	5.7	**3,631.9**	3,392.0	7.1
EBITDA[1]	**347.5**	167.9	> 100	**862.2**	520.6	65.6
EBITDA margin[2] (%)	**28.2**	14.4	–	**23.7**	15.3	–
EBIT[3]	**196.3**	35.1	> 100	**412.2**	119.8	> 100
EBIT margin[2] (%)	**15.9**	3.0	–	**11.3**	3.5	–
Financial result	**–15.7**	–23.4	–32.9	**–62.4**	–59.1	5.6
Income before taxes	**180.6**	11.7	> 100	**349.8**	60.7	> 100
Net income for the period	**119.0**	5.4	> 100	**212.6**	25.6	> 100
Earnings per share (basic/diluted) (€)	**2.43**	0.09	> 100	**4.42**	0.45	> 100
Capital expenditures (including financial assets)	**152.9**	98.2	55.7	**343.2**	350.7	–2.1
Net cash flow[4]	**178.4**	164.7	8.3	**332.5**	190.8	74.3

€ million	Sept. 30, 2014	Sept. 30, 2013	Dec. 31, 2013
Equity	**2,113.5**	2,167.4	2,197.1
Financial liabilities	**1,592.8**	1,476.4	1,416.7
Net financial debt[5]	**905.9**	688.1	792.2
Total assets	**7,045.6**	6,589.7	6,332.4
Employees (number at end of period)	**16,724**	16,074	16,009

[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.

Interim Report January – September 2014

No More Reflections: Daylight Readable Displays with Optical Bonding

Smartphones, navigation systems, public display boards – wherever electronic equipment is to be found, you will frequently also find high-performance displays. But however different the purpose and operation of these various devices, they all have the same drawback: as soon as the electronic display is used outdoors, reflections make it difficult or impossible to read and use.

Now, help is at hand in the form of a special manufacturing process – optical bonding – and crystal-clear silicone gels, developed especially for this purpose to make displays usable in bright surroundings.

In 2013, global sales of smartphones reached the billion mark for the first time. By 2015, according to a study by International Data Corporation, sales of tablet computers will have grown to over 300 million units. E-book readers, too, are growing in popularity.

Handy though such electronic aids may be, there are still big problems to using them outdoors. In strong ambient light, electronic displays become difficult to read, and touchscreens often impossible to operate. This affects virtually all flatscreen displays, from TVs to cellphones.

It's no wonder, then, that ever more users want low-reflection displays that they can read easily even under bright light. That is made possible by highly transparent silicone gels: displays laminated using these materials suppress reflections – and save power, since less energy is needed to illuminate the display. As a leading silicone manufacturer, WACKER has unique knowledge and extensive expertise in tailoring special silicone gels for high-tech applications. And is therefore in an ideal position to develop innovative solutions for tomorrow's displays.

Leading Manufacturer of Silicones

WACKER has the unique knowledge and extensive expertise to tailor special silicone gels for high-tech applications.

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Dr. Peter Jerschow, head of the Industrial Solutions business team (right), and Dr. Philipp Müller, Electronics application technology, developed the new silicone gel. The highly transparent silicone serves to suppress reflections on liquid crystal displays. It can be applied by a special lamination process to produce almost completely non-reflective displays.

The difference is astonishing – on the left-hand screen, it's virtually impossible to make out any details or contours, while the right-hand screen remains almost entirely unaffected by the bright midday sun (see graphics on page 9). "Saturated colors, distinct outlines and a clear contrast," says Dr. Philipp Müller with satisfaction, "That's a foretaste of the displays of the future!"

Making glaring, difficult-to-read displays a thing of the past has been a mission of Müller and his colleagues at WACKER's Burghausen plant for some time. The applications engineer is an expert in silicone gels and in encapsulating electronic components. His current project is on crystal-clear silicone gels for low-reflection liquid crystal displays.

Unreadable Displays – an Annoyance and a Risk

According to the German Flatscreen Display Forum (DFF), liquid crystal displays (LCDs for short) are currently the most widely used monitors in the world. However, they have one serious disadvantage: under strong light, the light-dark contrast suffers so much that the screen can no longer be read.

The problems of deciphering displays in direct sunlight not only affect smartphone and notebook users. In cars, the light may make the navigation system or central display impossible to read, and therefore useless. In extreme cases, ATMs and ticket machines may be impossible to use, or arrivals/departures displays at bus stops and train stations can become illegible.

Undesirable reflections are indeed an annoyance for private users, but for industrial applications they can even be a safety hazard. "That may be the case if a process can no longer be monitored and controlled properly because data cannot be read from the display," explains Müller. "Even in a brightly lit operating room, the surgeons' work may be impaired by a poorly legible control monitor."

How to Suppress Reflections

Modern liquid crystal displays essentially consist of two separate parts: the LCD module itself and a second unit mounted in front of it. This may be a touch panel, for example in the case of smartphones, or, e.g. in ultrabooks, just a cover glass that protects the sensitive surface of the LCD module against external influences.

Between the cover unit and the LCD module is a small gap, which is at the root of the problem. Air has a significantly smaller refractive index than the adjacent materials. As a result, light falling on the display encounters three interfaces, which all cause reflections – at the front face of the cover glass, at its rear face, and at the front face of the LCD module.

Each of these three planes reflects 3 to 4 percent of the incoming light. The potential of these planes to cause reflection in an individual case depends on the angle of incidence of the light and the precise values of the refractive indexes. The total of the three individual reflections is about 12 percent. “In addition, there are also multiple reflections. When these are factored in as well, the figure can easily rise to 20 percent. And if the device has a touchscreen, the figure can be boosted to over 30 percent due to the metallization layer,” explains Müller.

Silicones – An Ideal Material

There are a number of approaches to making a display readable in daylight: cover glasses with an antiglare layer or special touch panels with an especially thin metallization layer reflect light less strongly than other systems. However, to eliminate the internal planes of reflection as well, it is necessary to use optical bonding, i.e. connecting the LCD module and cover to one another firmly enough to bridge the construction gap and suppress reflections. “However, that stands and falls by the quality of the bond – it is critical to choose the right bonding material,” explains WACKER expert Dr. Peter Jerschow. And immediately provides the solution: “A clear case for silicones!”

Silicones are ideal for a large number of difficult conditions: they are heat stable, extremely resistant to oxygen or ozone exposure, and remain elastic at low temperatures without the need for plasticizers. “They are completely unaffected by visible light and UV radiation. And unlike organic polymers, they do not yellow,” explains Jerschow, head of the Industrial Solutions business team at WACKER SILICONES.

3–4% Reflection

The incident light is reflected at the front face of the cover glass, at its rear face, and at the front face of the LCD module.

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The new silicone gel from WACKER cures rapidly but remains bondable for a long time. That is particularly important, since it ensures that the silicone retains its geometry and adheres perfectly to the display glasses.

"Silicones allow the most disparate of materials to be permanently and stably bonded – for example, sophisticated high-performance silicone-based adhesives have already been used for decades in industries ranging from aerospace to medicine," the chemist continues. Furthermore, silicones do not absorb moisture, are electrically insulating and can be reliably processed.

The Perfect Bonding Material

So it didn't take long to find the right material base. Now, the WACKER experts, together with customers, are developing silicone gels with sophisticated properties especially for highly specialized optical bonding, explains Peter Jerschow. "The refractive index of our supertransparent silicone gel roughly matches the refractive indexes of the two adjacent materials. As a result, the light can propagate as if the two joined parts and the adhesive were essentially all one material."

Unlike conventional silicone rubbers, silicone gels do not vulcanize to a rubbery elastomer. They yield a soft, highly flexible material that is closer to jello in consistency than rubber. "In a crosslinked silicone gel, the individual silicone molecules are interconnected to form a loose, wide-mesh network," says Philipp Müller.

Jello Rather than Rubber

The silicone gel can both reliably cushion mechanical loads and conform snugly to solid surfaces.

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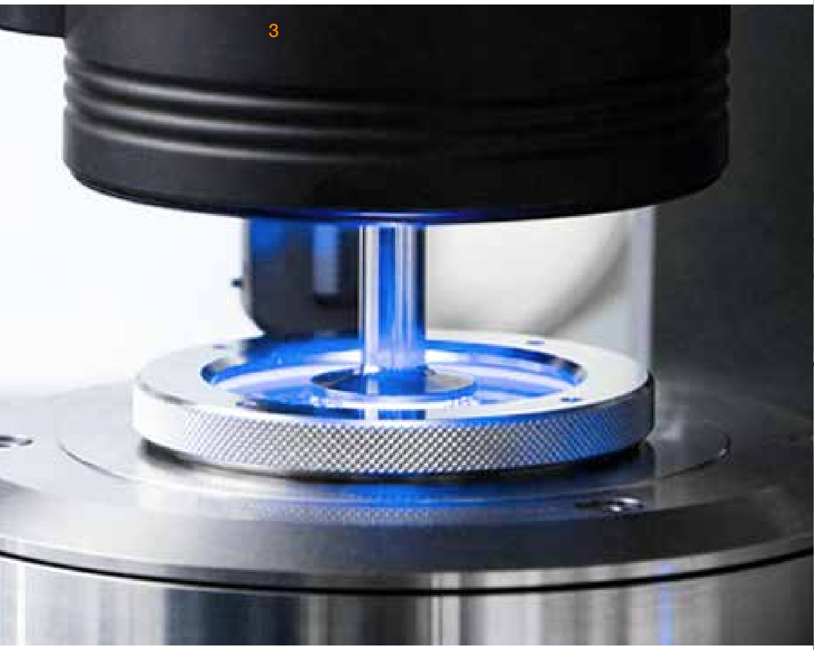

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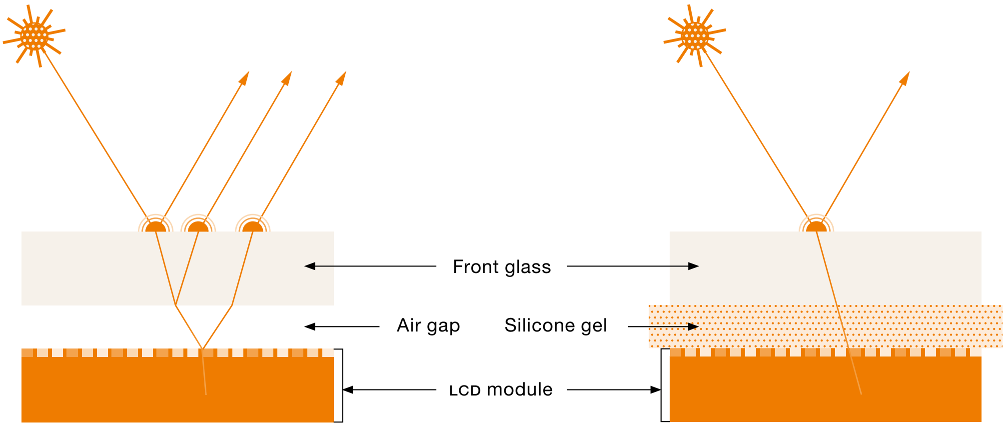
3
Rheometer test: the Application Technology team at the WACKER Burghausen site tests optical high-performance silicones using ultraviolet light.

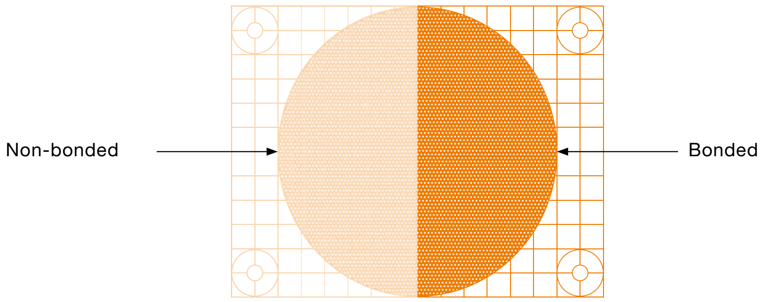
4
Laminating a display. The pourable gel is applied as a liquid and gradually cures to a soft layer. The silicone is allowed to set until it no longer flows, and only then are the two display parts joined together. The procedure eliminates most of the reflections. Dust and moisture can no longer penetrate.

Optical Bonding – The End of Annoying Reflections



Bright light can make it much more difficult to read displays and touchscreens. This is the result of reflections and glare on the cover glass (left-hand graphic). During optical bonding, the LCD module and front glass are sealed with a transparent material such as silicone gel, which reduces disturbing reflections by filling the air gap between the parts. As a result, the displays can be read without any difficulty outdoors (right-hand graphic).
This process has been in use since the 1980s, but, because it was too expensive, it was only used in military and space applications. Optical bonding is now increasingly to be found in displays for industrial or commercial use.

How LCD Displays Work



A liquid crystal display (LCD) does not produce light itself, but only acts as a light valve. To generate an image, a light source illuminates the cell from behind such that transparent regions of the LCD cell transmit light and appear bright. Opaque areas, in contrast, block the light, and are responsible for dark parts of the screen image. When ambient light strikes a display, the screen looks brightened because the human eye additionally perceives the light reflected from the display. Thus, black image areas appear gray in ambient light. The more intensive the ambient light, the worse is the light-dark contrast. In outdoor use, in particular, the contrast between the light and dark screen regions is reduced so much that the screen can no longer be read (left-hand graphic). Screens that have been optically bonded with a special silicone gel from WACKER, on the other hand, reflect significantly less light (right-hand graphic).

This network makes the product highly compliant and elastic. This is important for use in displays, says Müller: “The silicone gel can both reliably cushion mechanical loads and conform snugly to solid surfaces.”

Silicone gels possess the further advantage that they undergo hardly any changes during curing. This is an important prerequisite for optical bonding, says Müller. “If the bonding layer were to shrink during curing, there would be tensile stresses at the edges of the bonded components – and therefore visible color changes on the display.”

The optical bonding process itself is complex: in the first step, the pourable gel is applied as a liquid and gradually cures to a soft layer. This dry-tacky silicone layer is applied to the rear of the cover glass or touch panel. Depending on the display size and desired mechanical robustness, the layer thickness is between 0.1 and 2 millimeters. In the second step, the parts are precisely fitted together in a cleanroom and the silicone layer is allowed to cure completely.

A Reflection-Free Future

Suitable surface treatment together with optical bonding can reduce the reflectance of LCD displays to below 1 percent. In bright surroundings, the resultant display has a much higher contrast ratio than a standard monitor. It also protects the visible area inside the display unit against dust and moisture, makes the display more rugged and therefore also supports flatter designs. The process also saves energy, since less power is needed to illuminate the display.

Even though optical bonding is only used for high-tech displays at present, it is only a question of time for Jerschow and Müller until bonded screens are a standard feature of our daily lives. And according to the WACKER experts, their silicone gels have an important part to play here. Jerschow is therefore optimistic – “Displays that are hard to read due to reflections will soon be a thing of the past!”

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Final check on a touch panel. Displays bonded with silicone gel are used in devices intended especially for use outdoors or in bright surroundings.

6
Final inspection. Bonded displays and touchscreens can be easily read and are therefore installed in medical diagnostic equipment, portable measuring instruments and car navigation devices.

WACKER Stock

Geopolitical tensions and armed conflict in Eastern Europe and the Middle East dominated international financial-market sentiment in the third quarter of 2014. Events including the crash in mid-July of a civilian airliner in eastern Ukraine unsettled market participants, as did the escalation of fighting in Iraq and Syria. In the USA and Europe, major central banks provided positive impulses. Both the European Central Bank (ECB) and the Federal Reserve in the United States retained their policies of low interest rates during the reporting quarter. In addition, the ECB launched new special programs intended to revive lending activity, which is particularly weak in Southern Europe. The decision by Scottish voters to remain in the United Kingdom lifted British stock prices. Overall, though, uncertainty surrounding future economic trends increased substantially. As a consequence, businesses and households alike curbed their spending on investments and purchases. Share prices at times came under intense price pressure in the equity markets.

In this volatile environment, WACKER stock posted a gain of almost 9 percent from July through September, outperforming the two main German benchmark indices by a substantial margin. The DAX and the MDAX each retreated by over 4 percent in the same three-month period.

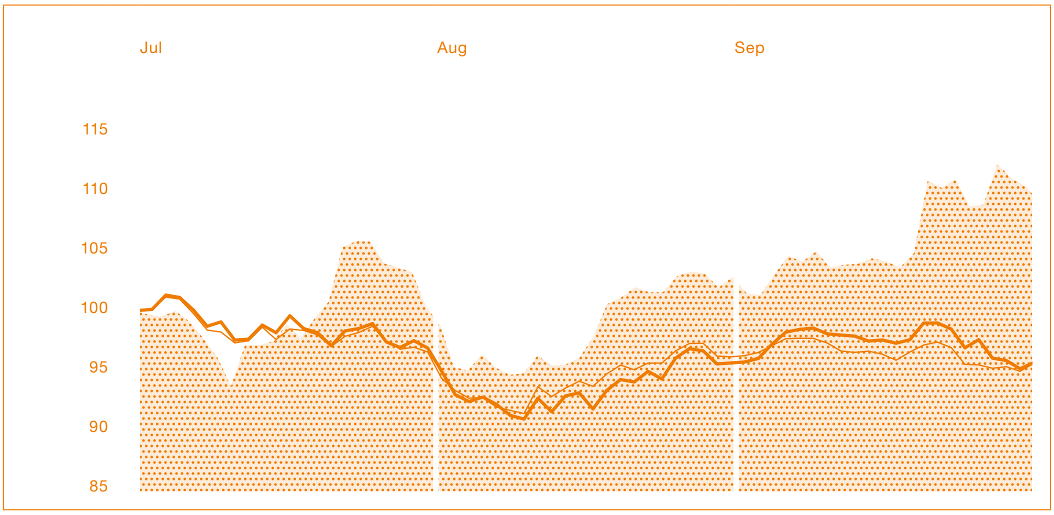
WACKER stock started Q3 2014 at €88.00. In the first two weeks of July, the price initially declined in line with the general market and reached its low for the reporting quarter on July 10 at €82.58. After a brief rise followed by another dip, the stock began appreciating markedly in mid-August, climbing to its high for the quarter of €98.45 on September 25. The stock closed at €95.81 on September 30. That represents a gain of 8.9 percent in the reporting quarter and corresponds to a market capitalization of about €4.76 billion.

Overall, Germany's DAX and MDAX equity indices both retreated slightly in the months from July through September 2014. The DAX opened the third quarter at 9,902 points and then rose to its all-time high to date, closing at 10,029 on July 3. In the weeks that followed, the index fell to as low as 9,009 points before ultimately closing the quarter at 9,474. That was a drop of 4.3 percent for the reporting quarter. The MDAX moved mostly in line with the DAX between July and September. The mid-cap index stood at 16,729 points on July 1, reached its low for the quarter on August 8 at 15,297 and closed on September 30 at 15,994 points. It declined 4.4 percent from the start of the quarter.

The long-term analysis for the three-year period from September 2011 through September 2014 shows that WACKER stock has gained ground continuously since its lows of November 2012. The total gain for the three-year period was over 42 percent. However, the stock lagged substantially behind the DAX (+72 percent) and the MDAX (+92 percent) during the same period. The upward trend of WACKER's share price in the past two years is attributable to factors including improvements in Group operations and the more favorable solar-industry market conditions that are benefiting WACKER's polysilicon business.

WACKER Share Performance in Q3 2014 (indexed to 100)[1]

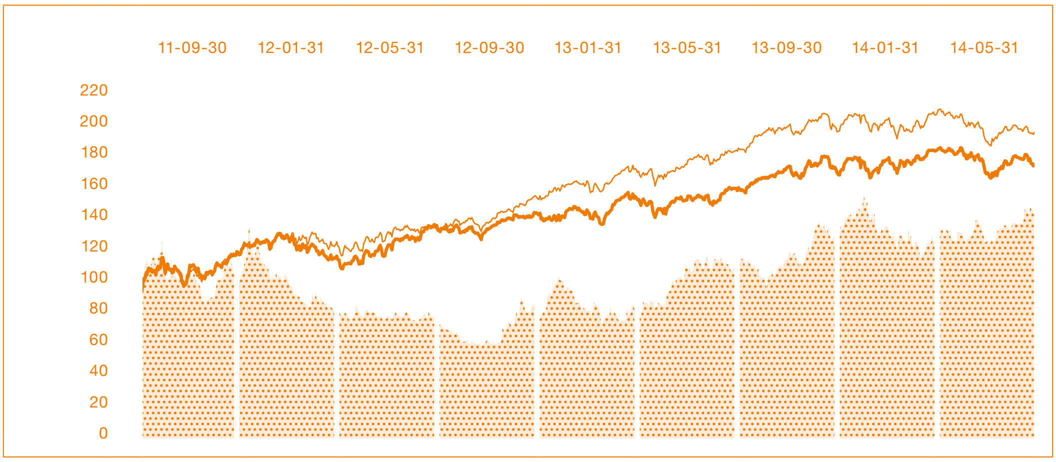
G 1.1



WACKER[1] DAX 30 MDAX [1]100= €88.00 (closing price on July 1, 2014)

WACKER Share Performance from September 30, 2011 to September 30, 2014 (indexed to 100)[1]

G 1.2



WACKER[1] DAX 30 MDAX [1]100= €67.25 (closing price on September 30, 2011)

Facts & Figures on WACKER Stock

T 1.3

€	Q3 2014	9M 2014
Closing price at the start of the reporting period	88.00	80.00
High in the reporting period	98.45	103.65
Low in the reporting period	82.58	77.11
Closing price at the end of the reporting period	95.81	95.81
Change during the reporting period (%)	8.9	19.8
Average daily trading volume in shares/day (Xetra, Chi-X and Turquoise)	147,874	200,140
Market capitalization at the start of the reporting period (billion) (based on shares outstanding)	4.37	3.97
Market capitalization at the end of the reporting period (billion) (based on shares outstanding)	4.76	4.76
Earnings per share (€)	2.43	4.42

At the end of the reporting period, short sales of Wacker Chemie AG's stock amounting to 8.72 percent of the shares outstanding were reported as per Section 30h of Germany's Securities Trading Act. The largest position amounted to 2.75 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 2013 Annual Report (pages 46 to 52) and the internet (www.wacker.com/investor-relations) for more details about WACKER stock (e.g. the dividend, shareholder structure, banks and investment firms that cover and rate WACKER, analyst estimates, and investor and analyst events held or attended by WACKER).

Report on the 3rd Quarter of 2014

January – September 2014

Dear Shareholders,

After the first nine months of the year, we are well on track to achieve our envisaged targets for 2014. In the third quarter, we increased both our sales and earnings compared with a year ago. The past three months saw geopolitical risks intensifying and economic momentum slowing globally. Nevertheless, we are confident that we will close our company's centennial year with good results.

There are many good reasons for our optimism. Demand remains robust in numerous sectors and regions, while key WACKER products are seeing positive price trends. That is an encouraging signal, particularly for our polysilicon business. Additionally, the measures introduced to improve our cost structures are having a tangible effect, helping us enhance our competitiveness and our profitability.

WACKER has evolved constantly over the last hundred years. We no longer make products such as PVC, the plastic that was one of our key sales drivers for decades. Instead, we have frequently ventured into new territory and harnessed promising business fields – always aware that entrepreneurial success does not necessarily come overnight. It took ten years for our dispersible polymer powders to make their breakthrough in the construction industry. Today, we clearly lead the global market in this field, where we generate sales in the triple-digit millions annually.

We know that we cannot influence global political, social and macroeconomic conditions, which are all relevant to WACKER. Consequently, we focus on adjusting factors that are within our control. Specifically, we want to convince and win over our customers each day anew by providing innovative products, value-added solutions, comprehensive service and uncompromisingly high quality. Bosch recently awarded us the status of Preferred Supplier for precisely this reason. Such recognition is proof that our comprehensive performance claim is, and will remain, the best basis for sustainable success – in both good and challenging times.

We thank you for your loyal commitment to your company and for supporting us on this path.

Munich, October 30, 2014
Wacker Chemie AG's Executive Board

Interim Group Management Report

Overall Economic Situation and State of the Industry

Global Economic Growth Loses Momentum

Regional Differences in Economic Trends Increase

In recent months, the global economy has grown noticeably more slowly than had been anticipated in the spring. The conflicts in Eastern Europe and the Middle East, and crises such as the spread of the Ebola virus in West Africa, have amplified the general state of uncertainty. This has held back economic growth, particularly in advanced economies. At the same time, country-specific growth rates have continued to diverge, in large part due to the wide regional variations in basic structural and financial conditions. Yet even though macroeconomic risks have increased, most economic experts still expect the world economy to continue growing both this year and next.

In its latest economic forecast published in early October, the International Monetary Fund (IMF) once again revised its expectations downward. The IMF currently estimates that global economic output will expand by 3.3 percent overall this year (2013: 3.3 percent). Gross domestic product in advanced economies should be slightly stronger in 2014 than last year, up by 1.8 percent (2013: 1.4 percent). In the developing and emerging economies, on the other hand, growth is expected to slow down. The IMF anticipates that these economies will post full-year growth of 4.4 percent in 2014 (2013: 4.7 percent). The biggest declines will be in Russia and Brazil.[1]

The economic outlook for Asia is largely unchanged compared to last year, with growth projected at 6.5 percent (2013: 6.6 percent). As before, China remains the driving force for this region's economy. According to the IMF, the Chinese economy will expand by 7.4 percent in full-year 2014 (2013: 7.7 percent). India's GDP is expected to rise by 5.6 percent this year (2013: 5.0 percent).[1]

In Japan, second-quarter GDP contracted substantially in the wake of an increase in the consumption tax in April 2014. The economy is recovering only very slowly from the slump.[2] The IMF anticipates a growth rate of 0.9 percent for Japan in full-year 2014 (2013: 1.5 percent).[1]

The USA remains on a stable growth trajectory. After a rather subdued start to 2014, mostly attributable to the extended winter, the forces driving growth have now strengthened further. The IMF estimates that US gross domestic product will rise by 2.2 percent this year (2013: 2.2 percent).[1]

[1] International Monetary Fund, World Economic Outlook: Legacies, Clouds, Uncertainties, Washington, October 7, 2014

[2] Organisation for Economic Co-operation and Development (OECD), Interim Economic Assessment: Moderate global growth is set to continue, but weak demand in the euro area remains a concern, Paris, September 15, 2014

Eurozone Economy Cooling Off

For the eurozone, the IMF now projects economic growth of just 0.8 percent in 2014 (2013: –0.4 percent), a decrease of 0.3 percentage points from the July estimate. According to the fund's experts, the legacies of the global economic crisis – as seen in high sovereign-debt levels and low investment spending – are responsible for the present economic weakness. The experts also pointed to the major divergences between individual eurozone countries. Whereas growth prospects for Germany and Spain are relatively good in the IMF's opinion, expectations for France and Italy are substantially more subdued.[1]

The IMF projects that the German economy will grow visibly stronger this year over last. However, the fund's current projected rate of 1.4 percent (2013: 0.5 percent) is noticeably lower than its mid-year estimate.[1] This trend is in line with the assessments of Germany's leading economic institutes. In their autumn forecast, they project that German gross domestic product will increase by 1.3 percent this year (2013: 0.4 percent). In their view, deterioration in consumer confidence, low levels of investment spending and weak international demand are the primary causes of the economic slowdown.[2]

The chemical industry in Europe lifted its production output by 0.6 percent in the first half of 2014. As reported by the industry association Cefic, contractions in May and June were a drag on first-half performance. At the same time, prices were down 2 percent from the first half of 2013, and the industry's sales during the first five months of 2014 remained unchanged year on year.[3] In Germany, the chemical industry felt the effects of a slowing economy by mid-year 2014. According to the German Chemical Industry Association (VCI), chemical sales in Q2 2014 fell by a seasonally-adjusted 1.2 percent quarter on quarter. In particular, domestic business weakened at German chemical companies. The VCI now expects that full-year chemical production in Germany will climb by only 1.5 percent in 2014. With prices falling slightly in the same period, the industry's sales are projected to rise by 1 percent to €192.5 billion.[4] Increasing geopolitical risks have also influenced customer ordering patterns in WACKER's own chemical business, at times slowing down order intake for silicone and polymer products in the reporting quarter. Nonetheless, the combined sales of the chemical divisions surpassed those of the previous year. The increase was achieved through volume gains and better prices in a number of product segments.

In the semiconductor sector, the Gartner Group's latest forecast projects that wafer volumes (by surface area sold) will rise by 9.8 percent for full-year 2014. This represents only a marginal downward adjustment of the July estimate (10.5 percent). The 300 millimeter wafer segment is expected to deliver above-average growth of 13.4 percent. This increase chiefly stems from strengthening demand for chips for mobile devices. Amid higher volumes, and thanks to slightly stronger prices, the Gartner Group expects global sales of silicon wafers to climb to around $8.8 billion in full-year 2014, an increase of 10.9 percent.[5] In WACKER's semiconductor business, Siltronic posted volume gains and higher sales in the reporting quarter relative to the year-earlier period and this year's preceding quarter. The consolidation of Siltronic Silicon Wafer Pte. Ltd. in the WACKER Group also had a positive impact on sales.

[1] International Monetary Fund, World Economic Outlook: Legacies, Clouds, Uncertainties, Washington, October 7, 2014

[2] Joint Economic Forecast Project Group, Joint Economic Forecast Autumn 2014, German Economy Stagnating – Now Is the Time to Strengthen Growth, Berlin, October 7/9, 2014

[3] European Chemical Industry Council (Cefic), Chemicals Trends Report, Monthly Summary, August 2014, Brussels, September 3, 2014

[4] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 2nd quarter 2014: Setback for the German chemical business, Frankfurt, September 2, 2014

[5] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 3Q14 Update, Stamford (USA), October 7, 2014

In the market for photovoltaic systems, volumes are continuing to shift from Europe toward Asia and the USA. The experts at Bloomberg New Energy Finance anticipate that between 45 and 50 gigawatts of new photovoltaic capacity will be installed worldwide this year, which would be an increase of up to 25 percent on the previous year (40 gigawatts). China will further extend its leading position in this growth market with the installation of between 12 and 14 gigawatts of new photovoltaic capacity.[1] These estimated trends are in line with our own market surveys. WACKER expects newly installed photovoltaic capacity worldwide to range between 44 and 50 gigawatts this year. Once again, China is likely to be the largest sales market by far, followed by Europe and the USA. Robust demand for solar installations is bolstering WACKER's polysilicon business. Thanks to better prices, WACKER POLYSILICON posted further year-on-year sales growth in the reporting quarter.

Sales and Earnings for the WACKER Group

Group Sales Grow Almost 6 Percent Thanks to Higher Volumes and Better Prices

WACKER made further year-on-year sales gains in the third quarter of 2014. The Group's July-through-September sales totaled €1,232.2 million (Q3 2013: €1,165.4 million), almost 6 percent more than a year earlier. Although the economy cooled off noticeably in the reporting quarter, volumes grew, especially for semiconductor wafers, but also for silicone and polymer products. At WACKER POLYSILICON, the substantial year-on-year improvement in prices for solar silicon had a positive impact on sales. Each of WACKER's five business divisions generated higher sales compared with a year ago, and the Group as a whole almost matched the figure for the strong preceding quarter (€1,242.3 million). WACKER's sales for the nine months from January through September 2014 totaled €3,631.9 million (9M 2013: €3,392.0 million), about 7 percent more than a year earlier.

The three chemical divisions – WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS – generated combined sales of €780.7 million from July through September 2014 (Q3 2013: €732.9 million), an increase of almost 7 percent. The rise was due to higher volumes and to improved prices in several areas. Compared with the preceding quarter (€773.3 million), sales grew by almost 1 percent. Given the increasing geopolitical risks, customers were at times rather cautious in placing orders during the reporting quarter. This prevented sales from rising more strongly. For the first nine months of 2014, the chemical divisions' sales totaled €2,258.7 million (9M 2013: €2,153.3 million), almost 5 percent more than a year earlier.

WACKER SILICONES grew its total sales in Q3 2014 thanks to higher volumes and to improved prices in several product segments. Sales were about 4 percent higher than a year ago. Silicones for the automotive industry, for coatings and for textiles were strong performers in the reporting quarter. The pace of business in the construction and personal-care segments was slower. Overall, the division outperformed the preceding quarter's sales by a good 1 percent.

At WACKER POLYMERS, sales growth was markedly stronger. The division improved its total sales by almost 9 percent year on year. The increase stemmed from higher volumes for dispersible polymer powders and dispersions, and from improved prices in some areas. Sales were also marginally higher relative to the preceding quarter.

[1] Bloomberg New Energy Finance, Q3 2014 Global PV Market Outlook, London, July 24, 2014

Total sales at WACKER BIOSOLUTIONS grew by almost 19 percent year on year in Q3 2014. The rise was caused by higher volumes in a number of product segments and by partly higher prices. The acquisition of Scil Proteins Production GmbH had a positive impact on sales in the pharmaceutical protein business. The division did not quite match its sales for Q2 2014. This reflected, among other things, the impact of plant maintenance work during the period under review.

WACKER POLYSILICON increased its total sales between July and September 2014. Thanks to higher prices for solar silicon, sales were up 7 percent year on year. Compared with Q2 2014, however, sales declined by almost 8 percent. This was due to lower volumes after WACKER POLYSILICON carried out scheduled maintenance work on a number of facilities in the reporting quarter. As a result, full production capacity was not always available. In addition, deliveries of goods en route to a customer that became insolvent during the third quarter were canceled and returned.

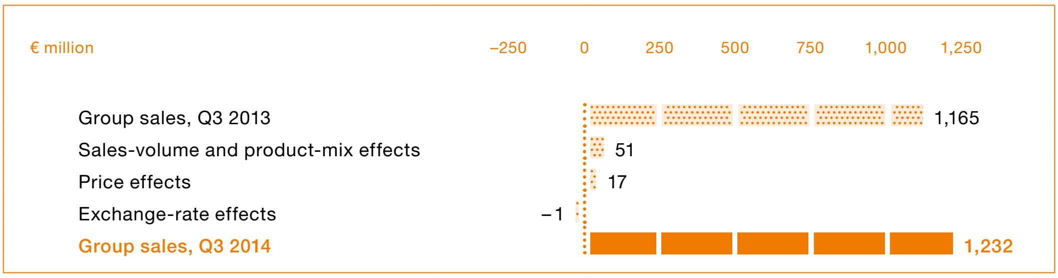
Thanks to substantially higher volumes, Siltronic compensated for lower silicon-wafer prices in Q3 2014. The consolidation of Siltronic Silicon Wafer Pte. Ltd. in the WACKER Group had a markedly positive impact on sales in the 300 mm silicon-wafer business. Relative to the prior-year period, Siltronic's total sales grew by almost 10 percent. Compared with the preceding quarter, the increase was almost 3 percent.

Growing Volumes and Higher Prices Bolster Sales Trend

In total, rising volumes and positive product-mix effects increased WACKER Group sales by a good 4 percent in the third quarter of 2014. Better prices in a number of product segments lifted revenue by almost 2 percent. Exchange rate effects had practically no impact on sales year on year. At an average exchange rate of $1.33 during the reporting quarter, the euro did not move significantly from its prior-year level ($1.32). The Japanese yen, by contrast, lost over 5 percent in value against the euro year on year. During the reporting quarter, one euro cost ¥138 on average (Q3 2013: ¥131). The weakness of the Japanese yen is intensifying pressure on prices, especially in the semiconductor business. Relative to Q2 2014, the euro weakened against both the dollar ($1.37) and the yen (¥140). Overall, the WACKER Group invoiced some 30 percent of its sales in US dollars in Q3 2014, compared with 32 percent a year earlier. The US dollar remains the foreign currency with the most significant influence on the company's business.

Year-on-Year Sales Comparison

G 2.1



Production Capacity Well Utilized Across All Divisions

Thanks to overall solid customer demand, the production capacities at WACKER's divisions were well utilized from July through September. At WACKER SILICONES, the siloxane plants were once again running at full capacity after siloxane production at the Nünchritz site had undergone scheduled maintenance work during the preceding quarter. The production facilities for pyrogenic silica were also running at almost 100 percent. WACKER POLYMERS reported that its capacities for dispersions and dispersible polymer powders were utilized at an average rate of about 75 percent in the reporting quarter. At WACKER BIOSOLUTIONS, several plants were undergoing maintenance during Q3 2014. WACKER POLYSILICON also conducted scheduled plant maintenance work in the July-though-September period. As a result, full production capacity was not always available in the reporting quarter. At Siltronic, third-quarter plant utilization was higher relative to both Q3 2013 and Q2 2014. Average July-through-September levels were between around 80 percent and over 90 percent, depending on the wafer diameter. Siltronic built up inventories because of maintenance planned at some production facilities in the fourth quarter of 2014. This additional production further increased plant-utilization rates.

The performance of each of WACKER's five divisions during the third quarter of 2014 is described in detail in the "Division Results" section of this Interim Report, starting on page 36.

Sales in All Regions Higher Year on Year

In the third quarter of 2014, WACKER profited from healthy worldwide demand for its products. Third-quarter sales in all regions were above their respective prior-year levels. Relative to the second quarter, sales continued to rise in Germany and the Americas. Quarter on quarter sales were lower, though, in the other European countries, in Asia and in the markets combined under "Other Regions."

Asia was once again clearly the most significant market for WACKER in Q3 2014. The Group generated 41 percent of its total sales there (Q3 2013: 40 percent). Sales in the region grew by almost 7 percent year on year to €501.1 million (Q3 2013: €470.3 million). Compared with the preceding quarter (€525.2 million), Group sales in Asia fell by almost 5 percent. Among the reasons for this drop was the reduction in polysilicon volumes caused by the insolvency of a solar-sector customer. Higher sales in the chemical business did not fully offset this effect. For the nine months from January through September 2014, WACKER's sales in the region totaled €1,516.5 million after €1,353.3 million in the year-earlier period, a rise of about 12 percent.

In Europe, WACKER achieved sales of €293.4 million from July through September 2014 (Q3 2013: €279.6 million). That was about 5 percent more than a year earlier, but over 2 percent less than in Q2 2014 (€300.8 million). Sales of polymer products, in particular, were down in Europe from the preceding quarter due to a slower economy. From January through September 2014, Group sales in this region totaled €868.3 million (9M 2013: €825.5 million), up over 5 percent compared with the same period last year.

In Germany, the WACKER Group achieved sales of €174.8 million in the reporting quarter (Q3 2013: €170.2 million), almost 3 percent more than a year ago and over 8 percent more than in Q2 2014 (€161.6 million). The increase was caused by higher sales of polysilicon and of silicone and polymer products. For the nine months from January through September 2014, WACKER's sales in Germany totaled €503.7 million after €494.8 million in the prior-year period, up almost 2 percent.

In the Americas, too, WACKER increased its sales both year on year and quarter on quarter. The Group generated third-quarter sales of €215.9 million in this region (Q3 2013: €202.1 million), up almost 7 percent from a year ago and over 4 percent more than in the preceding quarter (€207.2 million). All five business divisions improved on their respective prior-year sales in the Americas. Sales of semiconductor wafers grew particularly strongly compared with Q2 2014. From January through September 2014, WACKER's sales in the Americas came in at €606.2 million (9M 2013: €587.7 million), up a good 3 percent on the prior-year period.

Group sales in the countries combined under “Other Regions” totaled €47.0 million in Q3 2014, after €43.2 million in Q3 2013 and €47.5 million in Q2 2014. Between January and September 2014, the WACKER Group’s aggregate sales in the “Other Regions” amounted to €137.2 million (9M 2013: €130.7 million).

Overall, WACKER generated about 86 percent of its third-quarter sales with customers outside Germany (Q3 2013: 85 percent).

Group Sales by Region

T 2.2

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %	% of Group sales
Asia	**501.1**	470.3	7	**1,516.5**	1,353.3	12	41
Europe (excluding Germany)	**293.4**	279.6	5	**868.3**	825.5	5	24
Germany	**174.8**	170.2	3	**503.7**	494.8	2	14
The Americas	**215.9**	202.1	7	**606.2**	587.7	3	17
Other regions	**47.0**	43.2	9	**137.2**	130.7	5	4
Total sales	1,232.2	1,165.4	6	3,631.9	3,392.0	7	100

Please refer to WACKER’s 2013 Annual Report (pages 59 to 61) for more detailed information on the major products, markets and competitive positions of the Group’s divisions. There were no material changes in this respect during Q3 2014.

Raw-Material and Energy Prices Largely Unchanged on Balance – High Cost of Vinyl Acetate Monomer Reduces Polymer-Product Margins

The prices of WACKER’s essential raw materials developed unevenly in the reporting quarter. Vinyl acetate monomer (VAM), an important starting material in the production of dispersions and dispersible polymer powders, became a lot more costly. Its price increased by close to 30 percent year on year. Silicon metal and ethylene, however, were only marginally more expensive in Q3 2014 than a year earlier. In the July-through-September period of 2014, the price of methanol was about 15 percent lower on average than in the prior-year period. Compared with the preceding quarter, methanol was down 19 percent. The prices of silicon metal and ethylene were each about 3 percent above their respective Q2 2014 levels. As for VAM, its price rose by roughly 5 percent on the preceding quarter.

The cost of electricity and natural gas fell noticeably year on year. Because gas supply contracts linked to the price of oil are expiring, the price of procuring natural gas was about 30 percent lower in Q3 2014 than a year earlier. The procurement price of electricity fell by roughly 7 percent in the same one-year span.

Overall, price changes in raw materials and energy made a marginally positive contribution to the WACKER Group’s earnings in Q3 2014. Their impact on the profitability of the individual business divisions and segments, however, varied substantially. Accordingly, the higher cost of VAM reduced margins at WACKER POLYMERS in particular, but also at WACKER BIOSOLUTIONS.

Higher Polysilicon Prices and Special Income Bolster Earnings – Group EBITDA Margin Rises to Over 28 Percent

In the third quarter of 2014, the WACKER Group generated earnings before interest, taxes, depreciation and amortization (EBITDA) of €347.5 million. EBITDA was more than twice the prior-year figure (€167.9 million). Relative to the preceding quarter (€229.5 million), the increase was more than 51 percent. The EBITDA margin rose accordingly to 28.2 percent from 14.4 percent in Q3 2013 and 18.5 percent in Q2 2014. Group EBITDA for the nine-month period from January through September 2014 totaled €862.2 million (9M 2013: €520.6 million). That was a rise of almost 66 percent and yielded an EBITDA margin of 23.7 percent (9M 2013: 15.3 percent).

The strong EBITDA performance of the reporting quarter was primarily attributable to special income recognized at WACKER POLYSILICON and to higher prices for polysilicon. WACKER terminated or restructured contractual relationships with solar-industry customers during the reporting quarter. In this regard, WACKER retained advance payments and received damages amounting to €92.3 million (Q3 2013: €13.2 million) in total. Adjusted for this special income, EBITDA grew by close to 65 percent year on year.

Taken together, the three chemical divisions – WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS – again increased their EBITDA. The combined figure was €123.1 million in the reporting quarter (Q3 2013: €109.6 million), over 12 percent more than a year earlier and up almost 13 percent relative to the preceding quarter (€109.1 million). Overall higher volumes, better prices in certain product segments and good coverage of fixed costs from highly utilized production facilities were the main factors lifting earnings. However, the substantially higher cost of VAM weighed on earnings in the chemical business. From January through September 2014, the three chemical divisions' combined EBITDA totaled €320.9 million (9M 2013: €322.5 million).

At WACKER POLYSILICON, third-quarter EBITDA almost quadrupled year on year and more than doubled relative to Q2 2014. One of the main reasons for the strong earnings increase is the aforementioned special income from retained advance payments and from damages received. On the other hand, polysilicon prices also rose substantially compared with the previous year. Adjusted for non-recurring effects, WACKER POLYSILICON's EBITDA in Q3 2014 more than doubled year on year and was constant relative to the preceding quarter.

Siltronic posted a strong increase in EBITDA relative to Q3 2013, even though silicon-wafer prices were substantially lower than a year ago. The main reason for this rise of €28.0 million was the consolidation of Siltronic Silicon Wafer Pte. Ltd. in the WACKER Group. In addition, Siltronic benefited from the measures it had taken to reduce production costs. Higher plant-utilization levels, compared with both a year ago and the preceding quarter, also contributed to EBITDA. The increase relative to Q2 2014 was a good 18 percent.

Each of the WACKER Group's five business divisions generated a double-digit EBITDA margin in Q3 2014. The profitability trend of each of WACKER's five divisions in Q3 2014, 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 third-quarter EBIT (earnings before interest and taxes) was almost six times higher year on year. It came in at €196.3 million (Q3 2013: €35.1 million). The special income described above and higher polysilicon prices were primarily responsible for this robust increase. Accordingly, the EBIT margin for the reporting quarter was 15.9 percent (Q3 2013: 3.0 percent). In Q2 2014, WACKER had posted EBIT of €82.1 million, with an EBIT margin of 6.6 percent. Group EBIT for the first nine months of the current fiscal year totaled €412.2 million (9M 2013: €119.8 million). That corresponds to an EBIT margin of 11.3 percent (9M 2013: 3.5 percent).

Third-Quarter Earnings per Share at €2.43

The WACKER Group generated net income of €119.0 million in the three months from July through September 2014 (Q3 2013: €5.4 million). For Q3 2014, earnings per share amounted to €2.43 (Q3 2013: €0.09). For the nine-month period from January through September 2014, total net income was €212.6 million (9M 2013: €25.6 million). Earnings per share in the first three quarters of 2014 amounted to €4.42 (9M 2013: €0.45). Additional details regarding the development of WACKER's earnings in Q3 2014 are discussed in the "Condensed Statement of Income – Earnings" section of this Interim Report, starting on page 25.

Third-Quarter Business Performance in Line with Expectations

WACKER's key financial performance indicators are EBITDA, EBITDA margin, return on capital employed (ROCE) and net cash flow. The supplementary financial performance indicators include sales, investment spending and net financial debt. The Group's management processes as presented and discussed on pages 66 to 71 of the 2013 Annual Report remained unchanged in the period under review.

From July through September, business at the WACKER Group developed largely in line with the forecasts made when the interim report for Q2 2014 was released. The sales increase of almost 6 percent came in at the level of the annual forecast, which projects full-year sales growth in a mid-single-digit percentage range. WACKER has now given a more precise annual forecast for EBITDA, projecting it to be about €1 billion in 2014. With cumulative EBITDA of €862.2 million for the first nine months of the current year, the company is well on course to achieve this target. The EBITDA margin, as forecast, will also rise significantly, reaching over 20 percent.

WACKER anticipates a substantial increase in full-year ROCE. Net financial debt declined slightly from its mid-year level but, as announced earlier, was still higher than at the end of the 2013 fiscal year. At €178.4 million, net cash flow for the reporting quarter was positive and investment spending was as expected.

Demand-Oriented Expansion of Production Capacity Proceeds as Planned

The WACKER Group invested €152.9 million in the third quarter of 2014 (Q3 2013: €98.2 million). This represents a project-related increase of almost 56 percent on the comparable prior-year period and over 51 percent on the preceding quarter (€101.0 million). From January through September 2014, investment spending totaled €343.2 million (9M 2013: €350.7 million).

Investing activities during the reporting quarter continued to be centered on the construction of the new polysilicon production site in Charleston (Tennessee, USA). Almost two-thirds of the Group's investment spending was allocated to this project in the July-through-September period. The plant facilities are expected to be completed by the middle of next year, with the start-up in the second half of 2015.

At the Burghausen site in Germany, the expansion of production capacity for dispersible polymer powder is proceeding according to plan. WACKER is constructing a new spray dryer there with an annual capacity of 50,000 metric tons. The facility is scheduled to come on stream in the first quarter of 2015 and will be one of the largest of its kind worldwide. A total of around €20 million has been budgeted for the project.

Production capacity for dispersible polymer powder is also being extended at the Nanjing site in China, with a number of individual measures being taken there to eliminate production bottlenecks and thus enhance productivity. Once these measures are completed, WACKER expects to be able to produce up to 60,000 metric tons of dispersible polymer powder at the site annually, depending on the product mix.

Third-Quarter Net Cash Flow Amounts to €178 Million

From July through September 2014, WACKER generated positive net cash flow of €178.4 million (Q3 2013: €164.7 million), about 8 percent more than a year earlier. The main reason for the increase is the higher net income for the period. WACKER Group net financial debt decreased somewhat from its mid-year level, amounting to €905.9 million as of September 30, 2014 (June 30, 2014: €920.9 million). At the end of the 2013 fiscal year, WACKER had reported net financial debt of €792.2 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 33.

Thanks to Its Innovative Strength, WACKER Offers Its Customers Solutions with Superior User Benefits

From July through September 2014, the WACKER Group spent €43.4 million on R&D activities (Q3 2013: €40.6 million). The Group's total spending on research and development in the first nine months of 2014 amounted to €134.5 million (9M 2013: €122.8 million).

To enable WACKER to provide its customers with a wide range of tailored solutions, R&D in the Group is conducted at two levels: centrally in a corporate department that coordinates all activities, and locally in the business divisions. This innovative work leads to new products that offer superior user benefits. WACKER presents them regularly to specialists at tradeshows. Here are two recent examples:

- For its customers in the automotive industry, WACKER expanded its product range with a new liquid silicone rubber for the production of gaskets. Molded parts made from ELASTOSIL® RT 728, as the new silicone grade is called, are resistant to both heat and coolants, and have a low compression set even under long-term stress. Engine cooling systems and their components can thus be reliably sealed.

- At the second West Africa Building & Construction Exhibition held in Accra, Ghana, in early July, WACKER for the first time showcased high-performance polymer and silicone technologies for advanced construction applications. Featured products included dispersions for waterproofing membranes and interior paints, water-repellent silicone resins for exterior coatings, and silicone sealants for sanitary purposes. Tradeshow appearances like this are an important step toward opening up new markets with products that take into account the region's climate and local raw materials.

WACKER Is New Preferred Supplier of the Bosch Group

Robert Bosch GmbH recently awarded to WACKER the status of Preferred Supplier for elastomers and thermosetting plastics. The Stuttgart-based supplier of technology and services chose WACKER for its achievements in the fields of quality, delivery reliability, innovation and strategic collaboration. As a preferred supplier, WACKER can now participate even more in the development of Bosch's new products and technologies.

Awards for Outstanding Research Accomplishments

Since 2005, WACKER has honored employees' outstanding R&D work with the Alexander Wacker Innovation Award, named after the company's founder. With prize money of €10,000, the award is presented annually as part of a research symposium and rotates between the categories of product innovation, process innovation and basic research. This year, the award was granted to Dr. Tobias Daßler, Dr. Carsten Bornhövd and Dr. Günter Wich for their pioneering work on WACKER's proprietary ESETEC® secretion system. The researchers conducted a fundamental analysis of the E. coli-based production system for pharmaceutical proteins, and made enhancements to it that enable even highly complex molecules such as antibody fragments to be produced cost-effectively and efficiently.

The 2014 WACKER Silicone Award, which also includes €10,000 in prize money, was presented to the Japanese researcher Akira Sekiguchi in early August. Sekiguchi is a professor of organic chemistry at the University of Tsukuba in Japan. In 2003, he became the first to synthesize molecules with stable silicon-silicon triple bonds and to verify their structure through X-ray crystallography. With this milestone achievement and over 250 other studies, Akira Sekiguchi has been a pioneer in organosilicon research and had a pivotal influence on the entire field of silicon research. The WACKER Silicone Award is presented every other year. Along with the Kipping Award, it ranks among the world's most prestigious honors in the field of organosilicon chemistry.

Number of Employees Remains Stable

The number of WACKER employees worldwide largely held constant in the third quarter of 2014. On September 30, 2014, the Group had 16,724 employees (June 30, 2014: 16,758). The workforce increased by 650 compared with September 30, 2013 (16,074). The increase was mainly driven by the consolidation of Siltronic Silicon Wafer Pte. Ltd. in the WACKER Group and the acquisition of Scil Proteins Production GmbH.

As of September 30, 2014, WACKER had 12,399 employees in Germany (June 30, 2014: 12,449) and 4,325 at its international sites (June 30, 2014: 4,309).

For detailed information on the organization and structure of Wacker Chemie AG, as well as on its corporate goals and strategy, please refer to WACKER's 2013 Annual Report, especially the sections "Group Business Fundamentals" (pages 55 to 63) and "Goals and Strategies" (pages 64 to 65).

The principles, guidelines and processes described there did not change materially during the reporting quarter and continue to apply.

Condensed Statement of Income – Earnings

January 1 through September 30, 2014

Condensed Statement of Income

T 2.3

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales	1,232.2	1,165.4	5.7	3,631.9	3,392.0	7.1
Gross profit from sales	236.6	167.9	40.9	635.4	473.2	34.3
Selling, R&D and general administrative expenses	–140.4	–132.9	5.6	–430.8	–398.2	8.2
Other operating income and expenses	97.6	7.9	> 100	204.6	70.6	> 100
Operating result	193.8	42.9	> 100	409.2	145.6	> 100
Result from investments in joint ventures and associates	2.5	–7.8	n. a.	3.0	–25.8	n. a.
EBIT	196.3	35.1	> 100	412.2	119.8	> 100
Financial result	–15.7	–23.4	–32.9	–62.4	–59.1	5.6
Income before taxes	180.6	11.7	> 100	349.8	60.7	> 100
Income taxes	–61.6	–6.3	> 100	–137.2	–35.1	> 100
Net income for the period	119.0	5.4	> 100	212.6	25.6	> 100
Of which						
Attributable to Wacker Chemie AG shareholders	120.5	4.6	> 100	219.5	22.3	> 100
Attributable to non-controlling interests	–1.5	0.8	n. a.	–6.9	3.3	n. a.
Earnings per share in € (basic/diluted)	2.43	0.09	> 100	4.42	0.45	> 100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–
Reconciliation to EBITDA						
EBIT	196.3	35.1	> 100	412.2	119.8	> 100
Depreciation/appreciation of noncurrent assets	151.2	132.8	13.9	450.0	400.8	12.3
EBITDA	347.5	167.9	> 100	862.2	520.6	65.6

In the third quarter of 2014, WACKER increased its sales both year on year and quarter on quarter thanks to healthy customer demand. A more positive market environment, especially for WACKER POLYSILICON, and higher volumes at the chemical divisions caused Group sales to grow by almost 6 percent compared with Q3 2013. The acquisition of Siltronic Silicon Wafer Pte. Ltd. enabled Siltronic to post substantially higher sales and earnings. At €347.5 million, the Group's operating result (EBITDA) came in much higher in Q3 2014 than a year earlier. EBITDA also clearly outperformed Q2 2014, partly due to non-recurring effects.

Group Sales of €1.23 Billion Almost 6 Percent Higher Than a Year Earlier

WACKER generated third-quarter sales of €1,232.2 million (Q3 2013: €1,165.4 million), up almost 6 percent year on year. Sales were almost unchanged quarter on quarter. In the first nine months of the year, sales totaled €3,631.9 million (9M 2013: €3,392.0 million), a rise of 7 percent.

Higher volumes in chemicals and improved solar-silicon prices were the main reasons for the sales rise in the reporting quarter relative to Q3 2013. Sales growth in the nine months from January through September essentially stemmed from higher polysilicon sales. In semiconductors, the increase in sales was due to the first-time inclusion of Siltronic Silicon Wafer Pte. Ltd. (SSW) in the consolidated financial statements. Thanks to higher volumes, the three chemical divisions increased their combined third-quarter sales to €780.7 million (Q3 2013: €732.9 million). At WACKER BIOSOLUTIONS, the newly acquired Scil Proteins Production GmbH was one factor contributing to sales growth in the reporting quarter. In the first nine months, overall sales at the chemical divisions amounted to €2,258.7 million (9M 2013: €2,153.3 million). The fall in the value of the euro that occurred in September had hardly any effect on sales growth in the third quarter. In the first nine months of 2014, exchange-rate effects had an overall negative impact on sales.

Group Q3 EBITDA Climbs to €348 Million Due to Non-Recurring Effects

In Q3 2014, EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to €347.5 million (Q3 2013: €167.9 million), up more than 100 percent. In the preceding quarter, WACKER had posted EBITDA of €229.5 million. The third-quarter EBITDA margin was 28.2 percent, after 14.4 percent in Q3 2013 and 18.5 percent in Q2 2014.

This strong rise in EBITDA in the third quarter was due to a non-recurring effect. During the reporting quarter, WACKER POLYSILICON terminated or restructured contractual relationships with solar-industry customers. In this connection, the division retained advance payments and received damages. This resulted in income of €92.3 million (Q3 2013: €13.2 million). Adjusted for this amount, third-quarter EBITDA amounted to €255.2 million. That was equivalent to a year-on-year rise of 65 percent and resulted in an EBITDA margin of 20.7 percent. Compared with the preceding quarter (€229.5 million), EBITDA was 11 percent higher.

Polysilicon business made a higher contribution to adjusted third-quarter EBITDA than in the prior-year period. The inclusion of SSW in the consolidated financial statements had a positive impact on Siltronic's EBITDA. In the previous year, when SSW was still a joint venture, WACKER had accounted for it using the equity method. Since Siltronic raised its stake in the company at the beginning of 2014, SSW has been fully consolidated. EBITDA at the chemical divisions increased by 12 percent to €123.1 million in the reporting quarter (Q3 2013: €109.6 million). The rise was essentially due to increased volumes and slightly improved prices, coupled with high plant-utilization rates. EBITDA was also up almost 13 percent relative to the previous quarter (€109.1 million).

For the first nine months of 2014, EBITDA totaled €862.2 million (9M 2013: €520.6 million), an increase of 66 percent. The corresponding EBITDA margin was 23.7 percent after 15.3 percent in the same period last year. In the first nine months of 2014, special income from advance payments retained and damages received enhanced the operating result by a total of €206.3 million (9M 2013: €69.3 million). The first-time full consolidation of SSW in the WACKER Group substantially improved EBITDA at Siltronic in the reporting period. The switchover from equity-method accounting to consolidation had resulted in a non-recurring expense of €5.8 million in Q1 2014.

WACKER's third-quarter EBIT (earnings before interest and taxes) came in at €196.3 million (Q3 2013: €35.1 million). It was over five times higher year on year. Adjusted for the special income mentioned above, EBIT amounted to €104.0 million or almost five times the amount of the prior-year quarter. Depreciation totaled €151.2 million (Q3 2013: €132.8 million). This

14-percent increase was mainly due to the first-time inclusion of SSW in the consolidated financial statements. EBIT in the first nine months of 2014 amounted to €412.2 million after €119.8 million in the prior-year period. From January through September 2014, depreciation amounted to €450.0 million (9M 2013: €400.8 million).

For detailed information on the individual divisions' sales and operating results, please see the "Division Results" section starting on page 36 of this Interim Report.

Cost of Goods Sold Constant Year on Year

Gross profit from sales climbed to €236.6 million in Q3 2014, up 41 percent year on year (Q3 2013: €167.9 million). The gross margin amounted to 19 percent, 5 percentage points higher than a year ago. Increased sales were the main reason for this improvement. The cost of goods sold remained constant in the reporting quarter, amounting to €995.6 million (Q3 2013: €997.5 million). Unlike last year, SSW's cost of goods sold was included in this figure. The cost-of-sales ratio in the reporting quarter was 81 percent, 5 percentage points better than a year earlier. Gross profit for the first nine months of 2014 reached €635.4 million (9M 2013: €473.2 million), yielding a gross margin of 17 percent (9M 2013: 14 percent). The cost of goods sold totaled €2,996.5 million from January through September 2014 (9M 2013: €2,918.8 million), resulting in a cost-of-sales ratio of 83 percent after 86 percent for the prior-year period. In addition to increased sales, higher production-capacity utilization levels and reduced costs were the main reasons for this improvement.

Functional Costs Higher

In Q3 2014, other functional costs (selling, R&D and general administrative expenses) were almost 6 percent higher year on year, rising from €132.9 million to €140.4 million. In the first nine months of the year, other functional costs grew by 8 percent. R&D costs, in particular, increased in the reporting period. Higher personnel costs impacted all functions.

Other Operating Income and Expenses

The third-quarter balance of other operating income and expenses was €97.6 million (Q3 2013: €7.9 million), while the balance for the first nine months of 2014 was €204.6 million (9M 2013: €70.6 million). This positive result was mainly attributable to the advance payments retained and damages received in relation to terminated or restructured contracts with polysilicon customers. WACKER collected a total of €92.3 million from this source in the reporting quarter (Q3 2013: €13.2 million). In the first nine months of 2014, this special income amounted to €206.3 million (9M 2013: €69.3 million). The Group posted a moderate net foreign-currency gain of €6.9 million in the reporting quarter after €–1.8 million a year earlier. Net foreign-currency gains in the first nine months of 2014 came to €16.3 million (9M 2013: €0.0 million).

Operating Result

Due to the effects described above, the third-quarter operating result rose by €150.9 million to €193.8 million. In the first nine months of 2014, the operating result climbed to €409.2 million (9M 2013: €145.6 million).

Result from Investments in Joint Ventures and Associates

The investment result for the reporting quarter was €2.5 million (Q3 2013: €–7.8 million). For the January-through-September period, the investment result was also positive at €3.0 million (9M 2013: €–25.8 million). Since the start of the year, Siltronic Silicon Wafer Pte. Ltd. has been included in WACKER's consolidated financial statements, and pro-rata current losses from this company are no longer reported under the result from investments in joint ventures and associates.

Financial and Net Interest Result

WACKER's Q3 2014 financial result rose against the year-earlier period. It amounted to €–15.7 million (Q3 2013: €–23.4 million). Interest income was substantially lower at €2.0 million (Q3 2013: €3.1 million), and interest expenses reached €12.8 million (Q3 2013: €10.9 million). In the nine months through September, the financial result was €–62.4 million (9M 2013: €–59.1 million). Interest income was lower, at €5.5 million (9M 2013: €11.0 million), while interest expenses came to €35.2 million (9M 2013: €30.2 million).

The other financial result amounted to €–4.9 million in the reporting quarter (Q3 2013: €–15.6 million). It primarily comprised interest-bearing components of pension and other noncurrent provisions, but also included income and expenses from the exchange-rate effects of financial investments. The corresponding net figure for the first nine months was €–32.7 million (9M 2013: €–39.9 million).

Income Taxes

The Group reported tax expenses of €137.2 million for the period January through September 2014 (9M 2013: €35.1 million). The tax rate for the first nine months was 39.2 percent (9M 2013: 57.8 percent) and was influenced by non-tax-deductible start-up costs and losses at subsidiaries.

Net Income for the Period

Net income for both the third quarter and first nine months of 2014 was substantially higher due to the effects mentioned above. At €119.0 million, third-quarter net income was far above the year-earlier level (Q3 2013: €5.4 million). Net income was also markedly higher relative to Q2 2014 (€29.4 million). This growth stems from the special income posted by the company in the first and third quarters of 2014. In the first nine months of 2014, net income came in at €212.6 million (9M 2013: €25.6 million).

Condensed Statement of Financial Position – Net Assets

September 30, 2014

Assets

T 2.4

€ million	Sept. 30, 2014	Sept. 30, 2013	Change in %	Dec. 31, 2013	Change in %
Intangible assets, property, plant and equipment, and investment property	**4,197.8**	3,844.8	9.2	3,806.0	10.3
Investments in joint ventures and associates accounted for using the equity method	**20.3**	17.9	13.4	18.9	7.4
Other noncurrent assets	**524.1**	568.6	–7.8	562.2	–6.8
Noncurrent assets	4,742.2	4,431.3	7.0	4,387.1	8.1
Inventories	**743.9**	639.4	16.3	616.9	20.6
Trade receivables	**749.6**	681.6	10.0	614.1	22.1
Other current assets	**809.9**	837.4	–3.3	714.3	13.4
Current assets	2,303.4	2,158.4	6.7	1,945.3	18.4
Total assets	7,045.6	6,589.7	6.9	6,332.4	11.3

Equity and Liabilities

T 2.5

€ million	Sept. 30, 2014	Sept. 30, 2013	Change in %	Dec. 31, 2013	Change in %
Equity	2,113.5	2,167.4	–2.5	2,197.1	–3.8
Noncurrent provisions	**1,792.0**	1,353.5	32.4	1,262.0	42.0
Financial liabilities	**1,300.2**	1,273.2	2.1	1,247.4	4.2
Other noncurrent liabilities	**544.5**	634.0	–14.1	567.3	–4.0
Of which advance payments received	**533.1**	619.1	–13.9	564.4	–5.5
Noncurrent liabilities	3,636.7	3,260.7	11.5	3,076.7	18.2
Financial liabilities	**292.6**	203.2	44.0	169.3	72.8
Trade payables	**365.2**	352.2	3.7	309.4	18.0
Other current provisions and liabilities	**637.6**	606.2	5.2	579.9	9.9
Current liabilities	1,295.4	1,161.6	11.5	1,058.6	22.4
Liabilities	4,932.1	4,422.3	11.5	4,135.3	19.3
Total equity and liabilities	7,045.6	6,589.7	6.9	6,332.4	11.3

WACKER's total assets were 11 percent higher compared with year-end 2013, rising by €713.2 million to €7.05 billion as of September 30, 2014 (Dec. 31, 2013: €6.33 billion). Compared with June 30, 2014, total assets grew by €429.5 million. There were several reasons for this increase. The fall in value of the euro relative to the US dollar and other currencies had a marked impact on the Group's assets and liabilities in the reporting quarter. Foreign currency translation effects, especially in noncurrent assets, equity and financial liabilities, increased the balance sheet total by €209.3 million. The full consolidation of Siltronic Silicon Wafer Pte. Ltd. (SSW) and Scil Proteins Production GmbH as well as the progress made in construction of the polysilicon plant in Charleston (Tennessee, USA) caused property, plant and equipment to rise as well. Loans that had been extended by WACKER to SSW and reported as financial assets are no longer recognized in the consolidated financial statements. The increase in operating activities led to higher trade receivables and higher inventory levels. On the equity and liabilities side, financial liabilities were higher and provisions for pensions rose by €502.2 million due to lower discount rates. As a result, equity was reduced by €339.5 million relative to the end of the 2013 fiscal year. For a detailed explanation of the effects of the initial consolidation of Siltronic Silicon Wafer Pte. Ltd., please see the section of the Notes to the consolidated financial statements starting on page 73 of this Interim Report.

Noncurrent Assets

Compared with the end of the previous fiscal year, noncurrent assets climbed by €355.1 million to €4.74 billion (Dec. 31, 2013: €4.39 billion). They accounted for 67 percent of total assets (Dec. 31, 2013: 69 percent). Intangible assets, property, plant and equipment and investment property grew by €391.8 million, amounting to €4.20 billion as of September 30, 2014 (Dec. 31, 2013: €3.81 billion). This increase was primarily due to inclusion of the assets of SSW and Scil Proteins Production in the consolidated financial statements. Property, plant and equipment in particular was up by €380.8 million as of September 30, 2014. Current investment spending on property, plant and equipment amounted to €343.2 million, with more than half of this amount going toward construction of the production site in Charleston (Tennessee, USA). Depreciation reduced noncurrent assets by €450.0 million in the first nine months of 2014 (9M 2013: €400.8 million). This amount was higher than in the prior-year period due to ongoing depreciation recorded by SSW. Exchange-rate movements increased the carrying amount of noncurrent assets by €167.6 million.

Investments in joint ventures and associates accounted for using the equity method rose slightly due to higher earnings, amounting to €20.3 million (Dec. 31, 2013: €18.9 million).

Other noncurrent assets totaled €524.1 million as of September 30, 2014 (Dec. 31, 2013: €562.2 million), a decrease of 7 percent from year-end 2013. The main reason for this decline was that shareholder loans of €142.2 million extended to SSW were eliminated at the Group level when the company was fully consolidated for the first time. On the other hand, deferred tax assets increased by €182.7 million, mainly due to higher actuarial losses from the provisions for pensions. These losses rose because the discount rates used to determine the provisions were lowered. Other noncurrent assets also include noncurrent securities, noncurrent derivative financial instruments and noncurrent tax receivables. Noncurrent securities totaling €54.0 million were reclassified as current.

Current Assets

Compared with December 31, 2013, current assets rose from €1.95 billion to €2.30 billion, an increase of 18 percent. Their share in total assets rose slightly over the same period, to 33 percent. Inventory levels grew due to inventory from the newly consolidated companies and as a result of the increased utilization of production facilities. Inventories amounted to €743.9 million as of September 30, 2014. They were 21 percent higher than at the end of 2013 (€616.9 million). Trade receivables amounted to €749.6 million at the end of the nine-month period (Dec. 31, 2013: €614.1 million) – an increase of 22 percent, primarily attributable to higher business volumes. Inventories and trade receivables combined accounted for 21 percent of total assets, an increase of 2 percentage points over December 31, 2013.

Securities and cash and cash equivalents are a major component of other current assets. Current securities totaled €171.7 million at the end of the third quarter of 2014 (Dec. 31, 2013: €71.9 million). In the reporting quarter, WACKER invested liquid funds in fixed-term deposits with maturities of more than three months. Liquid funds increased from €431.8 million at year-end 2013 to €448.4 million as of September 30, 2014. Payments made to redeem the bank loans owed by SSW had caused cash to decline in Q1 2014. Conversely, a long-term loan of €80.0 million was drawn in the reporting quarter, and payments of damages were received as well, leading to a net increase in cash. Other current assets included income tax receivables of €14.7 million (Dec. 31, 2013: €19.5 million) and other tax receivables of €46.1 million (Dec. 31, 2013: €52.0 million). Other current assets accounted for 11 percent of total assets (Dec. 31, 2013: 11 percent).

Equity Reduced by 4 Percent

Group equity decreased by €83.6 million compared with year-end 2013. It came in at €2.11 billion on September 30, 2014 (Dec. 31, 2013: €2.20 billion), resulting in an equity ratio of 30.0 percent (Dec. 31, 2013: 34.7 percent). Retained earnings increased by €219.5 million as a result of the net income for the first nine months of 2014. At the same time, the distributed dividend lowered retained earnings by €24.8 million. Other equity items diminished equity, essentially as a result of the adjustment to provisions for pensions not recognized in the income statement. The remeasurement of defined benefit plans at the end of Q3 2014 resulted in higher actuarial losses, reducing equity by €339.5 million after taking deferred taxes into account. Foreign currency translation effects, however, increased equity by €95.2 million. The disposal of WACKER's previous stake in SSW – which was accounted for using the equity method – resulted in a decrease in equity of €14.9 million. Non-controlling interests in equity grew by €6.9 million.

Noncurrent Liabilities

As of September 30, 2014, noncurrent liabilities amounted to €3.64 billion (Dec. 31, 2013: €3.08 billion). Up 18 percent relative to the previous year, they accounted for 52 percent of total equity and liabilities (Dec. 31, 2013: 49 percent). Provisions for pensions grew by €502.2 million to €1.58 billion, an increase of 47 percent. This was due to remeasurement of defined benefit plans using a discount rate that was substantially lower than at year-end 2013. Provisions for pensions accounted for 22 percent of total equity and liabilities (Dec. 31, 2013: 17 percent). Other noncurrent provisions increased marginally.

Noncurrent financial liabilities rose by €52.8 million to €1.30 billion (Dec. 31, 2013: €1.25 billion). WACKER drew a new long-term loan of €80.0 million in Q3 2014. In Q1 2014, noncurrent financial liabilities were reclassified as current liabilities in accordance with their maturities. Other noncurrent liabilities are down slightly overall at €544.5 million (Dec. 31, 2013: €567.3 million). This was due to the change in noncurrent advance payments received, which amounted to €533.1 million as of September 30, 2014 (Dec. 31, 2013: €564.4 million). Additions from the first-time consolidation of SSW increased advance payments received, while retentions of advance payments received in relation to terminated or restructured contracts resulted in a substantial reduction in Q3 2014.

Current Liabilities

Current liabilities increased by 22 percent, from €1.06 billion at year-end 2013 to €1.30 billion. Their share in total equity and liabilities was 18 percent. At December 31, 2013, the ratio had been 17 percent. Trade payables climbed by 18 percent compared with year-end 2013, amounting to €365.2 million as of the balance sheet date (Dec. 31, 2013: €309.4 million). At €637.6 million, other current provisions and liabilities rose by 10 percent relative to the end of the 2013 fiscal year (€579.9 million). The increase reflects the accumulation during the year of current income tax provisions and personnel liabilities, including those related to vacation and flextime credits. Liabilities from derivative financial instruments for currency hedging also rose. Current advance payments received amounted to €198.2 million as of the balance sheet date (Dec. 31, 2013: €282.8 million). Here, too, the main reasons for the decline were the ongoing reduction and the retentions of advance payments received under terminated and restructured contracts.

WACKER Posts Net Financial Debt of €906 Million

Current financial liabilities grew by 73 percent, amounting to €292.6 million as of September 30, 2014 (Dec. 31, 2013: €169.3 million). The primary reason for the increase is the reclassification of noncurrent items. In total, financial liabilities of €1,592.8 million were up 12 percent relative to year-end 2013 (€1,416.7 million). Their share in total equity and liabilities held constant at 23 percent. The fall in value of the euro against the US dollar and other currencies during Q3 2014 caused financial debt to rise by €48.6 million. Current liquidity (current securities, cash and cash equivalents) grew compared with December 31, 2013 and amounted to €620.1 million (Dec. 31, 2013: €503.7 million). This represents an increase of €116.4 million, which also reflects cash inflows from damages received and from new financial debt. Noncurrent securities decreased from €120.8 million to €66.8 million. As of the balance sheet date of September 30, 2014, WACKER had net financial debt (the balance of gross financial debt and noncurrent and current liquidity) totaling €905.9 million (Dec. 31, 2013: €792.2 million), a rise of 14 percent compared with December 31, 2013.

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, 2014

Condensed Statement of Cash Flows

T 2.6

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Net income for the period	**119.0**	5.4	> 100	**212.6**	25.6	> 100
Depreciation/appreciation of noncurrent assets	**151.2**	132.8	13.9	**450.0**	400.8	12.3
Changes in inventories	**–44.9**	27.9	n. a.	**–81.9**	72.4	n. a.
Changes in trade receivables	**10.0**	20.4	–51.0	**–112.6**	–88.5	27.2
Changes in other assets	**20.6**	33.7	–38.9	**36.3**	67.8	–46.5
Changes in advance payments received	**–111.9**	–46.8	> 100	**–185.5**	–154.8	19.8
Changes from equity accounting	**–0.1**	9.9	n. a.	**1.1**	29.3	–96.2
Other non-cash expenses, income and other items	**49.8**	53.9	–7.6	**132.2**	78.0	69.5
Cash flow from operating activities (gross cash flow)	193.7	237.2	–18.3	452.2	430.6	5.0
Cash receipts and payments for acquisitions	**–**	–	n. a.	**25.8**	–	n. a.
Cash receipts and payments for investments	**–127.2**	–119.3	6.6	**–331.0**	–394.6	–16.1
Cash flow from long-term investing activities before securities	–127.2	–119.3	6.6	–305.2	–394.6	–22.7
Acquisition/disposal of securities and fixed-term deposits	**–50.8**	–53.1	–4.3	**–50.0**	80.3	n. a.
Cash flow from investing activities	–178.0	–172.4	3.2	–355.2	–314.3	13.0
Distribution of profit from prior-year net income	**–**	–	n. a.	**–25.7**	–31.2	–17.6
Changes in financial liabilities	**82.3**	25.9	> 100	**–58.2**	297.6	n. a.
Cash flow from financing activities	82.3	25.9	> 100	–83.9	266.4	n. a.
Changes due to exchange-rate fluctuations	**2.5**	–1.1	n. a.	**3.5**	–2.0	n. a.
Changes in cash and cash equivalents	100.5	89.6	12.2	16.6	380.7	–95.6
At the beginning of the period	**347.9**	483.7	–28.1	**431.8**	192.6	> 100
At the end of the period	**448.4**	573.3	–21.8	**448.4**	573.3	–21.8

Net Cash Flow

T 2.7

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Cash flow from operating activities (gross cash flow)	**193.7**	237.2	–18.3	**452.2**	430.6	5.0
Changes in advance payments received	**111.9**	46.8	> 100	**185.5**	154.8	19.8
Cash flow from long-term investing activities before securities	**–127.2**	–119.3	6.6	**–305.2**	–394.6	–22.7
Additions from finance leases	**–**	–	n. a.	**–**	–	n. a.
Net cash flow	178.4	164.7	8.3	332.5	190.8	74.3

Our key financial-management goal is to maintain WACKER's financial strength. The central task is to sufficiently cover the financial needs of our operations and investment projects. WACKER's operations and their resultant incoming payments are its key source of liquidity. To enhance the financial scope for ongoing investment projects, WACKER decided to add long-term loans to its financing strategy.

Net cash flow is an internal indicator for measuring liquidity from operating activities. Net financial debt is an indicator of the Group's level of debt.

Gross Cash Flow

The cash flow from operating activities (gross cash flow) totaled €452.2 million in the first nine months of 2014 (9M 2013: €430.6 million), up 5 percent. The higher net income for the period of €212.6 million had a positive impact here. This income included depreciation of €450.0 million (9M 2013: €400.8 million). The increase in working capital (trade receivables less trade payables, plus inventories) reduced gross cash flow by €166.3 million. In particular, trade receivables and inventories were substantially higher because business volumes increased. As expected, advance payments received for polysilicon deliveries changed by €–185.5 million in the first nine months of 2014 (9M 2013: €–154.8 million) in line with the deliveries made and the advance payments retained in connection with restructured and terminated contracts. Increases in personnel liabilities, liabilities relating to vacation and flextime credits, and provisions for taxes had a positive impact on cash flow from operating activities.

Cash Flow from Investing Activities

The cash flow from long-term investing activities amounted to €–305.2 million and essentially comprised the cash outflow for investing activities. Investments decreased year on year (9M 2013: €–394.6 million). Over 50 percent of the funds went toward ongoing construction at the polysilicon site in Charleston (Tennessee, USA). Acquisitions made in Q1 2014 resulted in a cash inflow of €25.8 million. This figure essentially represents the sum of cash and cash equivalents at Siltronic Silicon Wafer Pte. Ltd. (SSW), which was included in the consolidated financial statements for the first time.

Cash flow from investing activities for the period January through September 2014 came to €–355.2 million (9M 2013: €–314.3 million). In addition to fixed-asset investments and acquisitions, it includes cash receipts and payments for securities and fixed-term deposits with maturities of more than three months.

Net Cash Flow

Net cash flow comprises cash flow from operating activities (excluding advance payments received) and cash flow from long-term investing activities (excluding securities), taking account of additions from finance leases. It amounted to €332.5 million in the first nine months of 2014. In the prior-year period, net cash flow was €190.8 million.

Cash Flow from Financing Activities

The cash flow from financing activities came to €–83.9 million in the first nine months of 2014 (9M 2013: €266.4 million). It mainly comprises the cash outflow from the repayment of SSW's external financial debt following Siltronic's acquisition of a majority stake in that company. A capital increase and additional payments were used to redeem SSW's bank loans. The dividend payment by Wacker Chemie AG in the second quarter of 2014 also led to a cash outflow, in the amount of €24.8 million. Conversely, the drawing of a long-term loan in the third quarter of 2014 led to a cash inflow of €80.0 million. Last year, the cash received under the new issues of senior unsecured notes had increased cash flow from financing activities.

Compared with December 31, 2013, cash and cash equivalents were up by €16.6 million. In the prior-year period, there had been an increase of €380.7 million. Cash and cash equivalents amounted to €448.4 million as of September 30, 2014 (Dec. 31, 2013: €431.8 million).

Division Results

January 1 through September 30, 2014

Sales

T 2.8

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
WACKER SILICONES	**447.5**	429.4	4.2	**1,314.0**	1,268.7	3.6
WACKER POLYMERS	**288.0**	265.4	8.5	**812.2**	765.5	6.1
WACKER BIOSOLUTIONS	**45.2**	38.1	18.6	**132.5**	119.1	11.3
WACKER POLYSILICON	**252.4**	235.7	7.1	**787.6**	674.4	16.8
SILTRONIC	**216.0**	197.1	9.6	**630.2**	568.4	10.9
Corporate functions/Other	**39.8**	48.1	–17.3	**119.7**	141.1	–15.2
Consolidation	**–56.7**	–48.4	17.1	**–164.3**	–145.2	13.2
Group sales	1,232.2	1,165.4	5.7	3,631.9	3,392.0	7.1

EBIT

T 2.9

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
WACKER SILICONES	**48.9**	39.6	23.5	**115.9**	120.1	–3.5
WACKER POLYMERS	**40.7**	36.4	11.8	**103.1**	98.2	5.0
WACKER BIOSOLUTIONS	**2.7**	3.7	–27.0	**11.6**	13.3	–12.8
WACKER POLYSILICON	**122.6**	–11.8	n. a.	**273.9**	–12.5	n. a.
SILTRONIC	**–7.3**	–17.4	–58.0	**–43.5**	–54.1	–19.6
Corporate functions/Other	**–13.1**	–16.7	–21.6	**–48.2**	–47.8	0.8
Consolidation	**1.8**	1.3	38.5	**–0.6**	2.6	n. a.
Group EBIT	196.3	35.1	> 100	412.2	119.8	> 100

EBITDA

T 2.10

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
WACKER SILICONES	**69.5**	59.2	17.4	**176.0**	179.2	–1.8
WACKER POLYMERS	**48.2**	45.1	6.9	**125.9**	125.2	0.6
WACKER BIOSOLUTIONS	**5.4**	5.3	1.9	**19.0**	18.1	5.0
WACKER POLYSILICON	**180.3**	46.6	> 100	**448.2**	163.1	> 100
SILTRONIC	**33.2**	5.2	> 100	**76.3**	15.0	> 100
Corporate functions/Other	**9.1**	5.2	75.0	**17.4**	17.4	–
Consolidation	**1.8**	1.3	38.5	**–0.6**	2.6	n. a.
Group EBITDA	347.5	167.9	> 100	862.2	520.6	65.6

Reconciliation with Segment Results

T 2.11

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
EBIT of reporting segments	**207.6**	50.5	> 100	**461.0**	165.0	> 100
Corporate functions/Other	**–13.1**	–16.7	–21.6	**–48.2**	–47.8	0.8
Consolidation	**1.8**	1.3	38.5	**–0.6**	2.6	n. a.
Group EBIT	**196.3**	35.1	> 100	**412.2**	119.8	> 100
Financial result	**–15.7**	–23.4	–32.9	**–62.4**	–59.1	5.6
Income before taxes	**180.6**	11.7	> 100	**349.8**	60.7	> 100

WACKER SILICONES

WACKER SILICONES

T 2.12

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales						
External sales	447.4	429.4	4.2	1,313.8	1,268.5	3.6
Internal sales	0.1	–	n. a.	0.2	0.2	–
Total sales	447.5	429.4	4.2	1,314.0	1,268.7	3.6
EBIT	48.9	39.6	23.5	115.9	120.1	–3.5
EBIT margin (%)	10.9	9.2	–	8.8	9.5	–
Depreciation	20.6	19.6	5.1	60.1	59.1	1.7
EBITDA	69.5	59.2	17.4	176.0	179.2	–1.8
EBITDA margin (%)	15.5	13.8	–	13.4	14.1	–
Investments	21.3	18.6	14.5	54.5	48.6	12.1
As of	Sept. 30, 2014	June 30, 2014		Sept. 30, 2014	Dec. 31, 2013	
Number of employees	4,219	4,195	0.6	4,219	4,109	2.7

In Q3 2014, WACKER SILICONES increased its total sales again, both year on year and quarter on quarter. The division generated sales of €447.5 million in the reporting quarter (Q3 2013: €429.4 million), up by a good 4 percent relative to Q3 2013 and over 1 percent more than in Q2 2014 (€441.2 million). Higher volumes and, in some product segments, higher prices were the main reasons for this increase. Third-quarter sales for automotive, coating and textile applications showed a positive trend, while business in the construction and personal-care segments was somewhat weaker. WACKER SILICONES' sales in the nine-month period from January through September 2014 reached €1,314.0 million (9M 2013: €1,268.7 million), up almost 4 percent.

WACKER SILICONES achieved higher year-on-year revenues in all its sales regions. Sales in Asia were higher relative to the preceding quarter. In other regions, sales were equivalent to, or slightly below, Q2 2014 levels. In Europe, in particular, customers were more cautious in placing orders during the reporting quarter, given the current economic uncertainties.

WACKER SILICONES' pyrogenic silica and siloxane production facilities ran at full capacity in Q3 2014. In the preceding quarter, the siloxane facilities at Nünchritz had been shut down at times due to scheduled maintenance work.

High Plant-Utilization Rates with Positive Impact on Earnings

Earnings showed significantly stronger growth than sales. In Q3 2014, WACKER SILICONES posted earnings before interest, taxes, depreciation and amortization (EBITDA) of €69.5 million (Q3 2013: €59.2 million), a rise of over 17 percent. Compared with the preceding quarter (€57.4 million), EBITDA grew by about 21 percent. There was a corresponding improvement in the EBITDA margin, which rose to 15.5 percent in the reporting quarter, after 13.8 percent a year ago and 13.0 percent in Q2 2014.

This earnings increase was due to several factors. Good fixed-cost coverage – resulting from very high production-capacity utilization – strengthened the division's profitability. Better prices in some product segments had a positive effect on earnings, too.

In the first three quarters of the year, EBITDA at WACKER SILICONES totaled €176.0 million (9M 2013: €179.2 million). That was a decrease of almost 2 percent and yielded an EBITDA margin of 13.4 percent (9M 2013: 14.1 percent). This indicates that, for the entire nine-month period, prices on average were lower than a year ago. Negative exchange-rate effects were another influencing factor, with the dollar being stronger on average during the nine-month period.

WACKER SILICONES invested €21.3 million in the third quarter of 2014 compared with €18.6 million a year earlier. Capital expenditures primarily went toward expanding capacities for downstream silicone products. In the nine months from January through September 2014, capital expenditures amounted to €54.5 million (9M 2013: €48.6 million).

In early July 2014, WACKER SILICONES opened a new logistics center at its Amtala production plant near Kolkata in India. Operated by Wacker Metroark Chemicals Pvt. Ltd. (WMC), the center supplements the existing logistics network of WMC, which already has warehouses in the Indian cities of Mumbai, Delhi, Chennai and Kolkata. WMC is responsible for WACKER SILICONES' entire production, marketing and sales activities on the Indian subcontinent.

The number of employees at WACKER SILICONES was 4,219 as of September 30, 2014 (June 30, 2014: 4,195).

WACKER POLYMERS

WACKER POLYMERS

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€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales						
External sales	280.0	259.6	7.9	792.8	749.7	5.7
Internal sales	8.0	5.8	37.9	19.4	15.8	22.8
Total sales	288.0	265.4	8.5	812.2	765.5	6.1
EBIT	40.7	36.4	11.8	103.1	98.2	5.0
EBIT margin (%)	14.1	13.7	–	12.7	12.8	–
Depreciation	7.5	8.7	–13.8	22.8	27.0	–15.6
EBITDA	48.2	45.1	6.9	125.9	125.2	0.6
EBITDA margin (%)	16.7	17.0	–	15.5	16.4	–
Investments	19.1	8.1	> 100	36.2	21.3	70.0
As of	Sept. 30, 2014	June 30, 2014		Sept. 30, 2014	Dec. 31, 2013	
Number of employees	1,398	1,399	–0.1	1,398	1,377	1.5

WACKER POLYMERS grew its total Q3 2014 sales compared with both the same quarter last year and Q2 2014. The division's July-through-September sales came in at €288.0 million (Q3 2013: €265.4 million), up almost 9 percent. Higher volumes were the main reason for this increase. Relative to the preceding quarter (€285.5 million), sales were up almost 1 percent. Higher prices for dispersions and dispersible polymer powders had a positive effect on the sales trend. In the nine-month period from January through September 2014, the division's sales reached €812.2 million (9M 2013: €765.5 million), up by a good 6 percent year on year.

Polymer products for the coating and adhesives industry and for sealing applications performed well in the reporting quarter, while business in industrial-textile and carpet-application products was slightly more subdued. On average, the facilities for producing dispersions and dispersible polymer powders had capacity-utilization rates of 75 percent in the reporting quarter. Sales rose year on year in all regions. Relative to Q2 2014, WACKER POLYMERS grew its revenues in Germany, the Americas and Asia. In Europe, on the other hand, sales were lower than in the preceding quarter, reflecting the sluggish economy.

Profitability Reduced by Jump in Price of Vinyl Acetate Monomer, a Key Base Material

The division's EBITDA rose both year on year and quarter on quarter, amounting to €48.2 million in July through September 2014 (Q3 2013: €45.1 million). That was almost 7 percent above the year-earlier figure and close to 11 percent higher than in the preceding quarter (€43.5 million). The EBITDA margin for Q3 2014 came in at 16.7 percent (Q3 2013: 17.0 percent). In Q2 2014, the EBITDA margin had been 15.2 percent. In the nine-month period from January through September 2014, WACKER POLYMERS posted EBITDA totaling €125.9 million (9M 2013: €125.2 million), corresponding to an EBITDA margin of 15.5 percent (9M 2013: 16.4 percent).

Third-quarter results benefited from WACKER POLYMERS' success in achieving price increases. However, these increases were not enough to compensate for the strong year-on-year rise in vinyl acetate monomer (VAM) prices. VAM became almost 30 percent more expensive within the space of 12 months. Relative to the preceding quarter, prices for this base material rose by almost 5 percent. To counteract this trend and ensure the continued high quality of its products and services, WACKER POLYMERS has announced further price increases.

Demand-Oriented Expansion of Production Capacity

WACKER POLYMERS' third-quarter investments totaled €19.1 million (Q3 2013: €8.1 million). In the first nine months of 2014, the division invested a total of €36.2 million (9M 2013: €21.3 million).

The expansion of production capacity for dispersible polymer powders at the Burghausen site in Germany is proceeding according to plan. WACKER is constructing a new spray dryer there with an annual capacity of 50,000 metric tons. The facility is due to come on stream in Q1 2015 and will then be one the largest of its kind in the world. A total of around €20 million has been budgeted for the project.

Production capacity for dispersible polymer powders is also being expanded at Nanjing in China, with a number of individual measures being taken there to eliminate production bottlenecks and thus enhance productivity. Once these measures have been implemented, the site is expected to be able to produce up to 60,000 metric tons of dispersible polymer powder per year.

WACKER POLYMERS had 1,398 employees as of September 30, 2014 (June 30, 2014: 1,399).

WACKER BIOSOLUTIONS

WACKER BIOSOLUTIONS

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€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales						
External sales	45.2	38.1	18.6	132.5	119.1	11.3
Internal sales	–	–	n. a.	–	–	n. a.
Total sales	45.2	38.1	18.6	132.5	119.1	11.3
EBIT	2.7	3.7	–27.0	11.6	13.3	–12.8
EBIT margin (%)	6.0	9.7	–	8.8	11.2	–
Depreciation	2.7	1.6	68.8	7.4	4.8	54.2
EBITDA	5.4	5.3	1.9	19.0	18.1	5.0
EBITDA margin (%)	11.9	13.9	–	14.3	15.2	–
Investments	2.0	3.7	–45.9	4.3	7.8	–44.9
As of	Sept. 30, 2014	June 30, 2014		Sept. 30, 2014	Dec. 31, 2013	
Number of employees	483	472	2.3	483	371	30.2

From July through September 2014, WACKER BIOSOLUTIONS achieved total sales of €45.2 million (Q3 2013: €38.1 million). This rise of almost 19 percent was chiefly fueled by volume growth and higher prices in several product segments. The acquisition of Scil Proteins Production GmbH was another positive factor in the division's higher year-on-year sales. Products for agricultural and medical applications also performed well in the reporting quarter. Relative to Q2 2014 (€46.6 million), sales declined by 3 percent. One reason for this was plant maintenance work, which lowered both production and sales volumes in certain product segments. In the first three quarters of the year, sales at WACKER BIOSOLUTIONS totaled €132.5 million (9M 2013: €119.1 million), a good 11 percent more than a year earlier.

WACKER BIOSOLUTIONS' third-quarter EBITDA amounted to €5.4 million (Q3 2013: €5.3 million), corresponding to an EBITDA margin of 11.9 percent (Q3 2013: 13.9 percent). From January through September 2014, the division posted EBITDA of €19.0 million (9M 2013: €18.1 million), with a corresponding EBITDA margin of 14.3 percent (9M 2013: 15.2 percent).

The increase in vinyl acetate monomer (VAM) prices impaired profitability at WACKER BIOSOLUTIONS, too, as VAM is an indispensable base material for the production of polyvinyl acetate (PVAc). In an effort to counteract this trend, the division raised its prices for PVAc worldwide at the end of June, in some cases by as much as 30 percent. However, as these price increases did not take effect immediately, they had not yet achieved their full impact in the reporting quarter.

In Q3 2014, the division invested a total of €2.0 million (Q3 2013: €3.7 million). In the nine months from January through September 2014, investments amounted to €4.3 million (9M 2013: €7.8 million). Moreover, the division acquired Scil Proteins Production GmbH for around €14 million at the start of the year. Due to this acquisition, WACKER BIOSOLUTIONS now has bioreactors with a capacity of up to 1,500 liters.

As of September 30, 2014, employee numbers at WACKER BIOSOLUTIONS totaled 483 (June 30, 2014: 472).

WACKER POLYSILICON

WACKER POLYSILICON

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€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales						
External sales	226.0	216.5	4.4	709.1	613.8	15.5
Internal sales	26.4	19.2	37.5	78.5	60.6	29.5
Total sales	252.4	235.7	7.1	787.6	674.4	16.8
EBIT	122.6	–11.8	n. a.	273.9	–12.5	n. a.
EBIT margin (%)	48.6	–5.0	–	34.8	–1.9	–
Depreciation	57.7	58.4	–1.2	174.3	175.6	–0.7
EBITDA	180.3	46.6	> 100	448.2	163.1	> 100
EBITDA margin (%)	71.4	19.8	–	56.9	24.2	–
Investments	92.0	55.1	67.0	202.2	226.1	–10.6
As of	Sept. 30, 2014	June 30, 2014		Sept. 30, 2014	Dec. 31, 2013	
Number of employees	2,073	2,076	–0.1	2,073	2,102	–1.4

In Q3 2014, WACKER POLYSILICON generated total sales of €252.4 million (Q3 2013: €235.7 million). That was 7 percent more than the same quarter last year, but almost 8 percent less than Q2 2014 (€273.2 million). The decline against the second quarter was due to lower volumes of solar silicon. In the reporting quarter, WACKER POLYSILICON carried out scheduled maintenance work on a number of facilities. As a result, full production capacity was not always available. In addition, deliveries of goods en route to a customer that became insolvent during the third quarter were canceled and returned. In the nine-month period from January through September 2014, the division reported sales of €787.6 million (9M 2013: €674.4 million), almost 17 percent more than a year earlier.

EBITDA Almost Quadruples on Previous Year Due to Price Increases and Special Income

WACKER POLYSILICON's earnings before interest, taxes, depreciation and amortization (EBITDA) soared in Q3 2014. They almost quadrupled compared with the prior-year period and more than doubled relative to Q2 2014. The division's third-quarter EBITDA came in at €180.3 million (Q3 2013: €46.6 million). In Q2 2014, WACKER POLYSILICON had generated EBITDA of €87.9 million. The EBITDA margin rose accordingly, climbing from 19.8 percent in Q3 2013 and 32.2 percent in Q2 2014 to 71.4 percent in the reporting quarter.

Special income was a major reason for this substantial increase in earnings. In the quarter under review, the division terminated or restructured contractual relationships with solar-industry customers. In this connection, WACKER POLYSILICON retained advance payments and received damages amounting to €92.3 million (Q3 2013: €13.2 million). At the same time, polysilicon prices rose substantially compared with last year. Adjusted for non-recurring effects, EBITDA at WACKER POLYSILICON more than doubled year on year and was stable relative to the preceding quarter. The adjusted third-quarter EBITDA margin amounted to 34.9 percent.

From January through September 2014, WACKER POLYSILICON posted total EBITDA of €448.2 million (9M 2013: €163.1 million), corresponding to an EBITDA margin of 56.9 percent (9M 2013: 24.2 percent). In the first nine months of 2014, special income from advance payments retained and damages received amounted to €206.3 million (9M 2013: €69.3 million).

WACKER POLYSILICON invested €92.0 million in the third quarter of 2014 compared with €55.1 million a year earlier. Investing activities remained centered on construction of the new polysilicon production site in Charleston (Tennessee, USA). The facilities there are expected to be completed by the middle of next year, with the start-up in the second half of 2015. From January through September 2014, capital expenditures amounted to €202.2 million (9M 2013: €226.1 million).

WACKER POLYSILICON had 2,073 employees as of September 30, 2014 (June 30, 2014: 2,076).

SILTRONIC

SILTRONIC

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€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales						
External sales	214.8	195.3	10.0	626.8	563.3	11.3
Internal sales	1.2	1.8	–33.3	3.4	5.1	–33.3
Total sales	216.0	197.1	9.6	630.2	568.4	10.9
EBIT	–7.3	–17.4	–58.0	–43.5	–54.1	–19.6
EBIT margin (%)	–3.4	–8.8	–	–6.9	–9.5	–
Depreciation	40.5	22.6	79.2	119.8	69.1	73.4
EBITDA	33.2	5.2	> 100	76.3	15.0	> 100
EBITDA margin (%)	15.4	2.6	–	12.1	2.6	–
Investments	8.5	2.6	> 100	21.5	19.2	12.0
As of	Sept. 30, 2014	June 30, 2014		Sept. 30, 2014	Dec. 31, 2013	
Number of employees	4,227	4,293	–1.5	4,227	3,746	12.8

Thanks to higher volumes, Siltronic was again able to increase its sales in Q3 2014. From July through September, sales came in at €216.0 million (Q3 2013: €197.1 million). That was almost 10 percent above the year-earlier figure and close to 3 percent higher than in the preceding quarter (€210.4 million). The main reason for this increase was the consolidation of Siltronic Silicon Wafer Pte. Ltd. Lower prices, though, somewhat dampened sales growth compared with the same quarter last year. Relative to Q2 2014, prices were more or less stable overall. From January through September 2014, Siltronic's sales totaled €630.2 million (9M 2013: €568.4 million), up almost 11 percent on the prior-year period.

Plant utilization increased across all wafer diameters compared with last year. Average July-through-September levels were between around 80 percent and over 90 percent, depending on the wafer diameter. Siltronic built up inventories in the reporting quarter because of planned maintenance at certain production facilities in the fourth quarter of 2014. This additionally increased plant-utilization levels.

EBITDA Margin Now Over 15 Percent

Siltronic's earnings before interest, taxes, depreciation and amortization (EBITDA) climbed again in Q3 2014. At €33.2 million (Q3 2013: €5.2 million), EBITDA was several times higher than the prior-year figure. Relative to the preceding quarter (€28.1 million), EBITDA rose by more than 18 percent. While the main reason for this increase was the consolidation of Siltronic Silicon Wafer Pte. Ltd., earnings also benefited from the fact that plant utilization was higher than in the prior year, which meant fixed-cost coverage was better. The EBITDA margin increased to 15.4 percent in the reporting quarter (Q3 2013: 2.6 percent). The corresponding Q2 2014 figure was 13.4 percent. In the first three quarters of the year, Siltronic posted EBITDA of €76.3 million (9M 2013: €15.0 million), with the EBITDA margin climbing accordingly to 12.1 percent (9M 2013: 2.6 percent).

Siltronic invested €8.5 million in the reporting quarter (Q3 2013: €2.6 million), with the focus on technology enhancements. From January through September 2014, Siltronic's investment spending totaled €21.5 million (9M 2013: €19.2 million). In late January, Siltronic increased its stake in Siltronic Silicon Wafer Pte. Ltd. to 78 percent, with consideration for the new shares amounting to around €45 million. With the acquisition, the company's external financial liabilities were paid off. For further details of this transaction, please refer to pages 44, 68 and 69 of the Q1 2014 report and to pages 73 to 75 of this Interim Report.

Siltronic had 4,227 employees as of September 30, 2014 (June 30, 2014: 4,293).

Other

The WACKER Group's sales posted under "Other" totaled €39.8 million in Q3 2014, after €48.1 million a year earlier. "Other" EBITDA for the reporting quarter was €9.1 million (Q3 2013: €5.2 million).

From January through September 2014, sales came in at €119.7 million (9M 2013: €141.1 million). "Other" EBITDA in the first nine months of 2014 amounted to €17.4 million (9M 2013: €17.4 million).

As of September 30, 2014, the "Other" segment had 4,324 employees (June 30, 2014: 4,323). This figure includes, for example, site-management and infrastructure-unit employees at Burghausen and Nünchritz.

Risks and Opportunities

Risk Management and Opportunity Management Are Integral Parts of Corporate Management

As a globally active specialty-chemical and semiconductor company, WACKER is exposed to numerous risks directly attributable to the operating activities of its five divisions. The Group also has a particular responsibility to ensure plant safety and to protect human health and the environment. Active risk management is therefore an integral part of corporate management at the WACKER Group.

The risk management and control system we use to identify, evaluate, manage and monitor risks is described and explained in detail in our 2013 Annual Report, on pages 141 to 145. No changes were made to this system in the period under review. The same applies to the opportunity management system, which is presented on page 160 of the 2013 Annual Report.

Current Evaluation and Assessment of Key Risks Facing the WACKER Group

WACKER has defined categories for describing the probability that the relevant risks will occur. These categories provide a framework for understanding our evaluations of individual areas of risk. The categories define the range of probability as follows:

- Unlikely: under 25 percent
- Possible: 25–75 percent
- Likely: over 75 percent

Categories are also used to describe how the occurrence of the risks listed might impact the Group's earnings, net assets and financial position. The possible effect on earnings is assessed using the net method, i.e. after appropriate countermeasures, such as establishing provisions or hedging, have been taken. We have defined the possible financial impact of our three probability categories as follows:

- Low: up to €25 million
- Medium: up to €100 million
- High: over €100 million

The following table shows the current estimation of the extent to which the main risks facing WACKER are likely to occur and how their occurrence might impact the Group's earnings, net assets and financial position. The status describes any changes that may have occurred between the end of the period under review and the evaluation stated in the 2013 Annual Report. The statements refer to fiscal 2014.

Probability and Possible Impact of Our Risks in 2014

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Risk/Category	Probability	Possible Impact	Status
Overall economic risks			
Chemical business	Unlikely	Medium	●
Siltronic	Unlikely	Medium	●
Polysilicon	Unlikely	Medium	●
Sales-market risks			
Chemical-segment overcapacity	Unlikely	Medium	●
Cyclical fluctuations and intense competition on the semiconductor market	Possible	Medium	●
Polysilicon overcapacities and price risks	Possible	Medium	●
Procurement-market risks	Unlikely	Low	●
Market-trend risks	Unlikely	Low	●
Investment risks	Likely	Medium	▲
Production risks	Unlikely	Medium	●
Financial risks			
Credit risks	Unlikely	Low	●
Market-price risks and risks of fluctuating payment flows	Unlikely	Low	●
Liquidity risk	Unlikely	Low	●
Pensions	Unlikely	Low	●
Legal risks	Unlikely	Medium	●
Regulatory risks			
Energy transition	Possible	Low	▼
Polysilicon anti-dumping proceedings	Eliminated	Eliminated	▼
New regulations for upstream, intermediate and downstream products and for production processes	Possible	Low	▲
IT risks	Unlikely	Medium	●
Personnel-related risks	Unlikely	Low	●
External risks	Unlikely	Low	●

● Unchanged ▼ Decreased ▲ Increased

Import Agreement with China Eliminates Risks for Polysilicon

Despite the somewhat subdued global growth outlook, the world economy's performance so far suggests that business at WACKER's five divisions will continue to develop positively in the remaining months of 2014. For the full year, our chemical divisions and our polysilicon and semiconductor-wafer operations are likely to post full-year sales gains.

For its polysilicon business, WACKER expects demand for solar silicon to remain robust – given the growth projections for photovoltaics – and sees good prospects for stable prices. At the same time, though, the ongoing shift in demand toward Asia and the USA, the consolidation processes to reduce supply-side overcapacity, and the regional differences in regulatory provisions entail risks that should not be underestimated. The agreement between WACKER and the Chinese Ministry of Commerce on the import of European solar-grade silicon to the Chinese market ensures that WACKER POLYSILICON will continue to be able to supply its products in China at market-oriented terms. The agreement has been in place since May 1, 2014. The risks that would have faced WACKER's polysilicon business if the trade dispute had escalated have thus been eliminated.

In Charleston (Tennessee, USA), contracts for the remaining subcontracting work have been awarded to ensure that the new site can begin ramping up production on schedule in the second half of 2015. On the basis of the contracts awarded, we consider it likely that the total investment volume will be between $2.3 billion and $2.4 billion. Given the shale-gas boom, a series of large-scale chemical-industry projects are being realized in the USA. Due to this competitive situation, the cost of materials and labor for the assembly of the Charleston site is higher than originally planned. We have identified opportunities, though, to achieve higher output than initially expected through production-process enhancements at the Charleston plant.

Semiconductor market growth is chiefly driven by increased demand for 300 mm wafers. We currently see opportunities to increase prices selectively in individual product families. Siltronic's acquisition of a majority stake in Siltronic Silicon Wafer Pte. Ltd. in Singapore has strengthened the division's market presence and competitive position.

European chemicals legislation (REACH) and similar regulations outside Europe have made the regulation of the production and use of chemical substances more comprehensive than before. We consider it possible that new REACH requirements might necessitate additional investments in certain production plants. At present, however, we have no knowledge of specific decisions made that would require more extensive measures to be taken in this regard.

The regulatory risks from amendments to the German Renewable Energy Act ("EEG") and in the special compensation rules for energy-intensive companies have diminished since the beginning of the year. Now that the legislative procedure in Germany is complete and agreement has been reached with the European Commission in this matter, we do not anticipate any substantial strain on our business. These events have also reduced the risks from the EU's ongoing state-aid proceedings against the Federal Republic of Germany.

Additional detailed explanations regarding risks and opportunities in relation to WACKER's product portfolio and the specific risks and opportunities 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 2013 Annual Report in the "Risk Management Report" section on pages 146 to 159 and in the "Opportunities Report" section on pages 160 to 162.

Aside from the changes described above, the statements and estimates made in those sections continue to apply.

Executive Board Evaluation of Overall Risk

The global economy is projected to continue to grow both this year and next, even if the latest economic forecasts are somewhat more subdued than those made at the start of the year. This will provide opportunities for us to post further volume gains in many product segments. At the same time, we will use the opportunities that arise to increase the prices of our products, market conditions permitting.

The political and military conflicts in the Middle East and Eastern Europe have intensified in recent months. This has amplified the threats to the stability of global trade relations and to raw-material and energy supply security. In our estimation, however, these risks are manageable overall.

In the solar industry, competitive conditions remain challenging. However, strong photovoltaic growth outside of Europe and accelerating demand for high-quality solar silicon offer us – as a technology and cost leader – good opportunities to continue expanding our polysilicon business in a profitable manner.

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. WACKER remains strategically, financially and operationally well placed to take advantage of any opportunities that arise.

Munich, October 30, 2014
Wacker Chemie AG's Executive Board

Events after the Balance Sheet Date

September 30, 2014

No material events occurred between the balance sheet date of September 30, 2014 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

Rising Risks and Uncertainties for World Economic Trend

The current geopolitical crises in Eastern Europe and the Middle East heighten the uncertainty surrounding economic growth. In recent weeks, many economic experts have revised their forecasts downward. Whether global growth slows further mainly depends on if, and how quickly, the international community succeeds in ending the military conflicts in Ukraine, Syria and Iraq, and in tackling the challenges posed by the Ebola epidemic in West Africa. Essentially, the general economic conditions for further economic expansion remain favorable.

Although, in its most recent forecast, the International Monetary Fund (IMF) downgraded its 2014 and 2015 global-growth estimates for the second time in succession, it is still expecting the world economy to deliver stronger growth in 2015 (3.8 percent) compared with 2014 (3.3 percent). Advanced economies should see a rise of 2.3 percent (2014: 1.8 percent). For emerging-market and developing economies, the IMF forecasts gross domestic product to increase by 5.0 percent (2014: 4.4 percent).[1]

According to the IMF, Asia's emerging economies will continue to show the highest global growth rates next year, with GDP in this region projected to expand by 6.6 percent in 2015 after 6.5 percent in 2014. China's economy will weaken slightly in 2015, with growth at 7.1 percent (2014: 7.4 percent). In India, on the other hand, economic momentum will increase. GDP there should climb by 6.4 percent (2014: 5.6 percent).[1]

According to the IMF experts, Japan will only recover slowly from its economic slump of the first half of 2014. The latest forecasts are for the Japanese economy to expand by 0.8 percent in 2015 (2014: 0.9 percent).[1]

The IMF expects the USA to remain on course for solid growth with a GDP gain of 3.1 percent in 2015 after 2.2 percent in 2014.[1]

In the eurozone, the IMF is projecting economic growth of 1.3 percent for next year (2014: 0.8 percent).[1] The fund is slightly more optimistic than the Organisation for Economic Co-operation and Development (OECD), which anticipates an increase of only 1.1 percent for 2015.[2]

[1] International Monetary Fund, World Economic Outlook Update: An Uneven Global Recovery Continues, Washington, July 24, 2014

[2] Organisation for Economic Co-operation and Development (OECD), Interim Economic Assessment: Moderate global growth is set to continue, but weak demand in the euro area remains a concern, Paris, September 15, 2014

In Germany, a long-time growth leader among the advanced economies, the economic outlook has deteriorated noticeably. For next year, the IMF anticipates that German economic activity will expand by 1.5 percent (2014: 1.4 percent). Germany's leading economic institutes are more restrained. In their autumn forecast, they project GDP growth of 1.3 percent this year and 1.2 percent in 2015.[1]

According to the German Chemical Industry Association (VCI), Germany's chemical-sector trend will be more subdued than previously estimated at the start of the year. Given the economic clouds, the VCI expects chemical production to expand by just 1.5 percent in Germany this year. While prices are forecast to drop 1 percent, chemical-industry sales are likely to rise 1 percent to €192.5 billion.[2]

Gartner's market researchers have downgraded their semiconductor-industry expectations. After a rise of 10.9 percent this year, global silicon-wafer sales should increase by only 5.2 percent next year. Wafer-volume growth (by surface area sold) is also likely to slow, from 9.8 percent this year to 2.6 percent in 2015. The 300 mm wafer segment will strengthen its dominant position next year, with its share of the entire market climbing to 58.8 percent (2014: 58.3 percent).[3]

Forecasts for the solar industry are optimistic. The experts at Bloomberg New Energy Finance (BNEF) anticipate that up to 58 gigawatts of new photovoltaic capacity will be installed worldwide next year. In 2014, according to BNEF, new installations of photovoltaic capacity should reach between 45 and 50 gigawatts.[4] Our own market surveys confirm this trend. WACKER expects newly installed photovoltaic capacity worldwide to be between 44 and 50 gigawatts this year and anticipates further growth for 2015.

WACKER's Strategic Focus Stays on Profitable Growth in Selected Regions and Market Segments

The following three priorities will continue to determine WACKER's business strategy over the next two years:

- Expansion into emerging markets and regions
- Innovations
- Substitution of existing products with WACKER products

Brazil, China, India, Southeast Asia and the Middle East remain the focal regions for further growth, with China still offering the greatest potential. We also see opportunities for increasing sales in the USA, an established market.

As part of the ongoing international expansion of its activities, WACKER will transfer more operational responsibility to regional units, so that it can tailor its products and application solutions even better to local requirements. To this end, the company will continue to expand its network of technical competence centers, sales offices and WACKER ACADEMY training facilities.

[1] Joint Economic Forecast Project Group, Joint Economic Forecast Autumn 2014, German Economy Stagnating – Now is the Time to Strengthen Growth, Berlin, October 9, 2014

[2] VCI (German Chemical Industry Association), Report on the business situation of the German chemical industry in the 2nd quarter 2014: Setback for the German chemical business, Frankfurt, September 2, 2014

[3] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 3Q14 Update, Stamford (USA), October 7, 2014

[4] Bloomberg New Energy Finance, Q3 2014 Global PV Market Outlook, London, July 24, 2014

In addition to completing the new site in Charleston (Tennessee, USA), WACKER will concentrate on expanding its divisions' facilities for the manufacture of downstream products. Examples include the new spray dryer for dispersible polymer powders being built in Burghausen, and the expansion of polymer-powder production capacity at the Nanjing site in China. The purpose of these activities is to strengthen WACKER's position in its sales markets and to meet growing demand.

In the coming years, a further strategic focus of WACKER will be to continue enhancing the profitability of its operating activities and to generate a positive net cash flow. On the products side, the main emphasis will be on increasing the share of high-value products in the portfolio, thereby strengthening profitability.

Please refer to the "Outlook" section of WACKER's 2013 Annual Report (pages 165 to 178) 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 2014. For the time being, we do not envisage any major changes in the business policies, corporate goals or organizational orientation of the WACKER Group.

WACKER's main assumptions in its planning relate to raw-material and energy costs, personnel expenses and exchange rates. We have adjusted our exchange-rate assumptions to match the latest trends. Our planning for the fourth quarter of 2014 is now based on a euro exchange rate of $1.30 (previously $1.40).

The "Group Business Fundamentals" and "Goals and Strategies" sections of WACKER's 2013 Annual Report (pages 55 to 71) provide detailed explanatory notes on the individual aspects of the Group's structure and activities, its management-process organization, its corporate goals, strategies, financing and operational-control instruments, and the strategies of the five individual WACKER divisions.

Special Income Enhances Earnings

Alongside the operations trend, two factors will have a decisive influence on WACKER's sales and earnings performance in full-year 2014:

- Consolidation of Singapore-based Siltronic Silicon Wafer Pte. Ltd. will have a positive effect on Siltronic's sales and EBITDA. Since the start of the year, Siltronic has held a 78-percent stake in this former joint venture with Samsung.

- Special income from terminated or restructured contracts with solar-industry customers will increase EBITDA and EBIT at WACKER POLYSILICON. During Q1 2014, WACKER recognized special income of €114.0 million from retained advance payments and from damages received. In Q3 2014, special income of this kind amounted to €92.3 million.

Both these factors have been given due consideration in projections of WACKER's performance in 2014.

Group Sales Rise in 2014 Thanks to Higher Volumes and Positive Price Effects

Although the economic slowdown dampened customer ordering patterns at times in Q3 2014, WACKER anticipates stronger volumes in every business division for full-year 2014. In its planning assumptions, WACKER's Executive Board still expects prices for silicon wafers to be low and under the prior-year level, and prices for polysilicon to be higher than in 2013. At the moment, we do not anticipate any significant changes in polysilicon prices in Q4 relative to the reporting quarter.

Price trends in the chemical business are unlikely to be uniform. In dispersible polymer powders and dispersions, price rises are currently being implemented to compensate for increased raw-material costs. In silicones, we chiefly see opportunities for higher prices with standard products.

Overall, Group sales are likely to climb by a mid-single-digit percentage in 2014 and grow further in 2015. This forecast assumes that the world economy's current weakness is only temporary and that global economic growth – as stated in key economic analyses and projections – will pick up momentum quickly. From today's perspective, full-year 2014 sales will climb not only at our chemical divisions, but also at WACKER POLYSILICON and Siltronic. Regionally, Asia offers the biggest sales and growth potential for WACKER products.

We expect Group EBITDA (earnings before interest, taxes, depreciation and amortization) to be around €1 billion (previously: increase of at least one-third on the prior year). This, in turn, will result in a much stronger EBITDA margin of over 20 percent. In addition to the improved operations trend, a key factor lifting earnings is special-income items at WACKER POLYSILICON. Higher volumes, further cost savings and the first-time consolidation of Siltronic Silicon Wafer Pte. Ltd. will also have a positive impact on EBITDA.

Amid higher depreciation and a tax rate of around 40 percent (previously: over 50 percent), we expect Group net income to be markedly better than a year earlier.

ROCE will improve significantly on last year (2013: 2.2 percent).

For 2014, we anticipate a clearly positive net cash flow, at the prior-year level (previously: a positive net cash flow).

We expect investment spending to amount to around €550 million in 2014. A similar expenditure level is planned for 2015.

Depreciation will come in at about €600 million in 2014. Here, our acquisition of a majority stake in the former joint venture with Samsung – Siltronic Silicon Wafer Pte. Ltd. – will account for an increase of around €80 million.

Net financial debt will be higher than at the end of last year (€792.2 million), climbing by approximately €300 million. The rise mainly stems from the acquisition of a majority stake in Siltronic Silicon Wafer Pte. Ltd. and from current investment spending.

From our present viewpoint, the key performance indicators at the Group level will develop in 2014 as follows:

Outlook for 2014

T 2.18

	Reported for 2013	Outlook for 2014
Key Financial Performance Indicators		
EBITDA margin (%)	15.2	Substantial increase to over 20%
ROCE (%)	2.2	Substantial increase
EBITDA (€ million)	678.7	Approx. 1,000
Net cash flow (€ million)	109.7	Markedly positive net cash flow at the prior-year level
Supplementary Financial Performance Indicators		
Sales (€ million)	4,478.9	Mid-single-digit % increase
Investments (€ million)	503.7	Approx. 550
Net financial debt (€ million)	792.2	Increase of around 300
Depreciation (€ million)	564.4	Approx. 600

Divisional Sales and EBITDA Trends

Overall, we expect sales at WACKER SILICONES to edge up in 2014. Growth will be generated mainly in Asia, where rising affluence is prompting higher per-capita consumption of silicone products. Additionally, ever increasing quality demands are accelerating the process of substituting simple products with high-end versions that incorporate silicones. We expect the steepest growth from products for personal care, for the electrical and electronics sectors, and for medical technology. In 2014, EBITDA at WACKER SILICONES should come in just below the prior-year level. One reason for this is the fact that the prior-year figure included a positive non-recurring effect of €13.7 million, stemming from the utilization of provisions for purchase contract obligations in China.

At WACKER POLYMERS, we anticipate that sales will grow compared with last year. The percentage increase is likely to be slightly above the average for the Group. Adhesive and coating applications are among the main growth drivers of dispersions business. In emerging-market economies, we expect further growth with our polymer products for the construction industry. We will continue to pursue market strategies tailored to individual regions in order to maximize growth potential. EBITDA is likely to be slightly lower than last year, mainly because of the much higher cost of vinyl acetate monomer (a base material).

At WACKER BIOSOLUTIONS, we expect sales in 2014 to grow at a percentage rate above the Group average. The increase is mainly due to volume growth and higher prices in several product segments. Another factor bolstering sales is the acquisition of Scil Proteins Production GmbH, which is enabling us to expand our biologics business. WACKER BIOSOLUTIONS now has a fermenter with a capacity of up to 1,500 liters, which can be used to manufacture pharmaceutical actives not only for clinical testing, but also for the market-supply phase. EBITDA is projected to come in at roughly the prior-year level.

In WACKER's polysilicon business, both volumes and sales are likely to rise in 2014. From today's perspective, sales will grow at a percentage rate above the Group average. Our assumption is that the photovoltaic market will continue on its growth trajectory through year-end and beyond. With demand rising, we expect the price environment for solar silicon to remain positive in the months ahead. Our full-year 2014 EBITDA forecast is for substantial growth compared with last year. EBITDA performance will be supported by special income in the form of retained advance payments and damages received. The operating EBITDA margin should also improve relative to last year.

At Siltronic, we anticipate that sales will grow in 2014 at a percentage rate above the Group average. This growth is due primarily to consolidation of Siltronic Silicon Wafer Pte. Ltd., which is now 78 percent owned by Siltronic. For the remaining months of the year, we see prices remaining at their third-quarter levels. We expect the market for 300 mm silicon wafers to continue growing. In the 200 mm and smaller-diameter segments, our current estimate is for stable demand. As for EBITDA, we expect substantial year-over-year growth due to the inclusion of Siltronic Silicon Wafer Pte. Ltd. in WACKER's consolidated financial statements.

Executive Board Statement on Overall Business Expectations

The current geopolitical crises and increasing uncertainty about global economic trends dampened momentum noticeably in Q3 2014. The latest forecasts for next year, though, indicate that the world economy will pick up again.

Given the generally positive business trend in the first nine months of 2014, we affirm our full-year forecast. Group sales are likely to grow by a mid-single-digit percentage. We expect to post a substantial increase in EBITDA to about €1 billion and an EBITDA margin of more than 20 percent. ROCE will show a clear year-on-year increase. Investments will reach about €550 million, somewhat higher than year ago. At around €600 million, depreciation will edge above that figure and be marginally higher than in the previous year. We aim to achieve a markedly positive net cash flow and, from our present standpoint, anticipate that it will come in at the prior-year level. Net financial debt will climb substantially, by about €300 million. Group net income is expected to be much higher than last year.

WACKER supplies outstanding products and holds at least a No. 3 position in the markets of its four biggest divisions. The Group's technological and innovative strength and its presence in key markets offer us a firm basis for reinforcing and even expanding our market positions.

Given the current positioning of WACKER and our ongoing strategic approach, we consider the Group well-equipped to continue growing profitably beyond 2014.

Munich, October 30, 2014
Wacker Chemie AG's Executive Board

Consolidated Statement of Income

January 1 through September 30, 2014

Consolidated Statement of Income

T 3.1

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Sales	1,232.2	1,165.4	5.7	3,631.9	3,392.0	7.1
Cost of goods sold	–995.6	–997.5	–0.2	–2,996.5	–2,918.8	2.7
Gross profit from sales	236.6	167.9	40.9	635.4	473.2	34.3
Selling expenses	–69.6	–68.2	2.1	–206.8	–202.0	2.4
Research and development expenses	–43.4	–40.6	6.9	–134.5	–122.8	9.5
General administrative expenses	–27.4	–24.1	13.7	–89.5	–73.4	21.9
Other operating income	159.7	35.0	> 100	327.5	207.3	58.0
Other operating expenses	–62.1	–27.1	> 100	–122.9	–136.7	–10.1
Operating result	193.8	42.9	> 100	409.2	145.6	> 100
Result from investments in joint ventures and associates	2.4	–7.9	n. a.	2.9	–25.9	n. a.
Other investment income	0.1	0.1	–	0.1	0.1	–
EBIT (earnings before interest and taxes)	196.3	35.1	> 100	412.2	119.8	> 100
Interest income	2.0	3.1	–35.5	5.5	11.0	–50.0
Interest expenses	–12.8	–10.9	17.4	–35.2	–30.2	16.6
Other financial result	–4.9	–15.6	–68.6	–32.7	–39.9	–18.0
Financial result	–15.7	–23.4	–32.9	–62.4	–59.1	5.6
Income before taxes	180.6	11.7	> 100	349.8	60.7	> 100
Income taxes	–61.6	–6.3	> 100	–137.2	–35.1	> 100
Net income for the period	119.0	5.4	> 100	212.6	25.6	> 100
Of which						
Attributable to Wacker Chemie AG shareholders	120.5	4.6	> 100	219.5	22.3	> 100
Attributable to non-controlling interests	–1.5	0.8	n. a.	–6.9	3.3	n. a.
Earnings per share in € (basic/diluted)	2.43	0.09	> 100	4.42	0.45	> 100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–

Consolidated Statement of Comprehensive Income

January 1 through September 30, 2014

January to September

T 3.2

€ million	2014			2013		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			212.6			25.6
Items not subsequently reclassified to the statement of income						
Remeasurement of defined benefit plans	–469.8	130.3	–339.5	106.8	–24.4	82.4
Sum of items not reclassified to the statement of income	–469.8	130.3	–339.5	106.8	–24.4	82.4
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustments	77.7	–	77.7	–32.7	–	–32.7
Of which recognized in profit and loss	–17.5	–	–17.5	–	–	–
Changes in market values of the securities available for sale	0.4	–	0.4	–0.4	–	–0.4
Changes in market values of derivative financial instruments (cash flow hedge)	–36.9	10.4	–26.5	8.3	–2.4	5.9
Of which recognized in profit and loss	–10.3	2.9	–7.4	–1.6	0.4	–1.2
Effects of net investments in foreign operations	2.6	–	2.6	–0.7	–	–0.7
Of which recognized in profit and loss	2.6	–	2.6	–	–	–
Share of cash flow hedge in associates accounted for using the equity method	0.1	–	0.1	–0.7	–	–0.7
Non-controlling interests	2.2	–	2.2	–2.1	–	–2.1
Sum of items reclassified to the statement of income	46.1	10.4	56.5	–28.3	–2.4	–30.7
Income and expenses recognized in equity	–423.7	140.7	–283.0	78.5	–26.8	51.7
Total income and expenses reported			–70.4			77.3
Of which						
Attributable to Wacker Chemie AG shareholders			–65.7			76.1
Attributable to non-controlling interests			–4.7			1.2

Consolidated Statement of Comprehensive Income

July 1 through September 30, 2014

July to September

T 3.3

€ million	2014			2013		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			119.0			5.4
Items not subsequently reclassified to the statement of income						
Remeasurement of defined benefit plans	–189.6	53.5	–136.1	–9.4	3.2	–6.2
Sum of items not reclassified to the statement of income	–189.6	53.5	–136.1	–9.4	3.2	–6.2
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustments	82.7	–	82.7	–34.8	–	–34.8
Of which recognized in profit and loss	–	–	–	–	–	–
Changes in market values of the securities available for sale	0.1	–	0.1	–0.1	–	–0.1
Changes in market values of derivative financial instruments (cash flow hedge)	–27.6	7.8	–19.8	14.5	–4.1	10.4
Of which recognized in profit and loss	–2.3	0.7	–1.6	–0.9	0.2	–0.7
Effects of net investments in foreign operations	–	–	–	–2.1	–	–2.1
Of which recognized in profit and loss	–	–	–	–	–	–
Share of cash flow hedge in associates accounted for using the equity method	–	–	–	–	–	–
Non-controlling interests	1.5	–	1.5	–1.2	–	–1.2
Sum of items reclassified to the statement of income	56.7	7.8	64.5	–23.7	–4.1	–27.8
Income and expenses recognized in equity	–132.9	61.3	–71.6	–33.1	–0.9	–34.0
Total income and expenses reported			47.4			–28.6
Of which						
Attributable to Wacker Chemie AG shareholders			47.4			–28.2
Attributable to non-controlling interests			–			–0.4

Consolidated Statement of Financial Position

September 30, 2014

Assets

T 3.4

€ million	Sept. 30, 2014	Sept. 30, 2013	Change in %	Dec. 31, 2013	Change in %
Intangible assets	31.4	20.4	53.9	20.4	53.9
Property, plant and equipment	4,164.9	3,822.9	8.9	3,784.1	10.1
Investment property	1.5	1.5	–	1.5	–
Investments in joint ventures and associates accounted for using the equity method	20.3	17.9	13.4	18.9	7.4
Financial assets	101.8	259.3	–60.7	242.8	–58.1
Noncurrent securities	66.8	104.5	–36.1	120.8	–44.7
Other assets	2.1	21.2	–90.1	25.3	–91.7
Income tax receivables	5.0	8.1	–38.3	7.6	–34.2
Deferred tax assets	348.4	175.5	98.5	165.7	> 100
Noncurrent assets	4,742.2	4,431.3	7.0	4,387.1	8.1
Inventories	743.9	639.4	16.3	616.9	20.6
Trade receivables	749.6	681.6	10.0	614.1	22.1
Other assets	175.1	136.9	27.9	191.1	–8.4
Income tax receivables	14.7	16.7	–12.0	19.5	–24.6
Current securities and fixed-term deposits held to maturity	171.7	110.5	55.4	71.9	> 100
Cash and cash equivalents	448.4	573.3	–21.8	431.8	3.8
Current assets	2,303.4	2,158.4	6.7	1,945.3	18.4
Total assets	7,045.6	6,589.7	6.9	6,332.4	11.3

Equity and Liabilities

T 3.5

€ million	Sept. 30, 2014	Sept. 30, 2013	Change in %	Dec. 31, 2013	Change in %
Subscribed capital of Wacker Chemie AG	**260.8**	260.8	–	260.8	–
Capital reserves of Wacker Chemie AG	**157.4**	157.4	–	157.4	–
Treasury shares	**–45.1**	–45.1	–	–45.1	–
Retained earnings	**2,168.6**	1,993.6	8.8	1,973.9	9.9
Other equity items	**–453.4**	–217.3	> 100	–168.2	> 100
Equity attributable to Wacker Chemie AG shareholders	**2,088.3**	2,149.4	–2.8	2,178.8	–4.2
Non-controlling interests	**25.2**	18.0	40.0	18.3	37.7
Equity	**2,113.5**	2,167.4	–2.5	2,197.1	–3.8
Provisions for pensions	**1,581.5**	1,172.4	34.9	1,079.3	46.5
Other provisions	**168.1**	149.0	12.8	148.2	13.4
Income tax provisions	**42.4**	32.1	32.1	34.5	22.9
Deferred tax liabilities	**3.8**	2.9	31.0	1.5	> 100
Financial liabilities	**1,300.2**	1,273.2	2.1	1,247.4	4.2
Other liabilities	**540.7**	631.1	–14.3	565.8	–4.4
Noncurrent liabilities	**3,636.7**	3,260.7	11.5	3,076.7	18.2
Other provisions	**103.3**	124.6	–17.1	92.8	11.3
Income tax provisions	**104.4**	48.6	> 100	47.1	> 100
Income tax liabilities	**0.2**	1.1	–81.8	1.5	–86.7
Financial liabilities	**292.6**	203.2	44.0	169.3	72.8
Trade payables	**365.2**	352.2	3.7	309.4	18.0
Other liabilities	**429.7**	431.9	–0.5	438.5	–2.0
Current liabilities	**1,295.4**	1,161.6	11.5	1,058.6	22.4
Liabilities	**4,932.1**	4,422.3	11.5	4,135.3	19.3
Total equity and liabilities	**7,045.6**	6,589.7	6.9	6,332.4	11.3

Consolidated Statement of Cash Flows

January 1 through September 30, 2014

Consolidated Statement of Cash Flows

T 3.6

€ million	Q3 2014	Q3 2013	Change in %	9M 2014	9M 2013	Change in %
Net income for the period	**119.0**	5.4	> 100	**212.6**	25.6	> 100
Depreciation/appreciation of noncurrent assets	**151.2**	132.8	13.9	**450.0**	400.8	12.3
Changes in provisions	**71.7**	15.1	> 100	**122.2**	70.7	72.8
Changes in deferred taxes	**–21.2**	–4.4	> 100	**–40.8**	–20.8	96.2
Changes in inventories	**–44.9**	27.9	n. a.	**–81.9**	72.4	n. a.
Changes in trade receivables	**10.0**	20.4	–51.0	**–112.6**	–88.5	27.2
Changes in other assets	**20.6**	33.7	–38.9	**36.3**	67.8	–46.5
Changes in advance payments received	**–111.9**	–46.8	> 100	**–185.5**	–154.8	19.8
Changes in other liabilities	**29.1**	42.9	–32.2	**78.0**	42.1	85.3
Changes from equity accounting	**–0.1**	9.9	n. a.	**1.1**	29.3	–96.2
Other non-cash expenses, income and other items	**–29.8**	0.3	n. a.	**–27.2**	–14.0	94.3
Cash flow from operating activities (gross cash flow)	**193.7**	237.2	–18.3	**452.2**	430.6	5.0
Cash receipts and payments for investments	**–127.3**	–122.3	4.1	**–332.5**	–408.1	–18.5
Proceeds from the disposal of noncurrent assets	**0.1**	3.0	–96.7	**1.5**	13.5	–88.9
Cash receipts and payments for acquisitions	**–**	–	n. a.	**25.8**	–	n. a.
Cash flow from long-term investing activities before securities	**–127.2**	–119.3	6.6	**–305.2**	–394.6	–22.7
Cash receipts and payments for the acquisition / disposal of securities and fixed-term deposits	**–50.8**	–53.1	–4.3	**–50.0**	80.3	n. a.
Cash flow from investing activities	**–178.0**	–172.4	3.2	**–355.2**	–314.3	13.0
Distribution of profit from prior-year net income	**–**	–	n. a.	**–25.7**	–31.2	–17.6
Changes in financial liabilities	**82.3**	25.9	> 100	**–58.2**	297.6	n. a.
Cash flow from financing activities	**82.3**	25.9	> 100	**–83.9**	266.4	n. a.
Changes due to exchange-rate fluctuations	**2.5**	–1.1	n. a.	**3.5**	–2.0	n. a.
Changes in cash and cash equivalents	**100.5**	89.6	12.2	**16.6**	380.7	–95.6
At the beginning of the period	**347.9**	483.7	–28.1	**431.8**	192.6	> 100
At the end of the period	**448.4**	573.3	–21.8	**448.4**	573.3	–21.8

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

January 1 through September 30, 2014

Consolidated Statement of Changes in Equity

T 3.7

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
January 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
September 30, 2013	260.8	157.4	–45.1	1,993.6	–217.3	2,149.4	18.0	2,167.4
January 1, 2014	260.8	157.4	–45.1	1,973.9	–168.2	2,178.8	18.3	2,197.1
Net income for the period	–	–	–	219.5	–	219.5	–6.9	212.6
Dividends paid	–	–	–	–24.8	–	–24.8	–0.9	–25.7
Income and expenses recognized in equity	–	–	–	–	–285.2	–285.2	2.2	–283.0
Change in scope of consolidation	–	–	–	–	–	–	12.5	12.5
September 30, 2014	260.8	157.4	–45.1	2,168.6	–453.4	2,088.3	25.2	2,113.5

Reconciliation of Other Equity Items

T 3.8

€ 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)	Remeasurement of defined benefit plans	Effects of net investments in foreign operations	Total (excluding non-controlling interests)
January 1, 2013	1.4	3.8	2.4	–278.7	–	–271.1
Changes recognized in other comprehensive income	–0.4	–	6.4	82.4	–	88.4
Reclassification in the statement of income	–	–	–1.2	–	–	–1.2
Changes in exchange rates	–	–32.7	–	–	–0.7	–33.4
September 30, 2013	1.0	–28.9	7.6	–196.3	–0.7	–217.3
January 1, 2014	0.8	–50.9	10.4	–125.9	–2.6	–168.2
Changes recognized in other comprehensive income	0.4	–	–19.0	–339.5	–	–358.1
Reclassification in the statement of income	–	–17.5	–7.4	–	2.6	–22.3
Changes in exchange rates	–	95.2	–	–	–	95.2
September 30, 2014	1.2	26.8	–16.0	–465.4	–	–453.4

Notes

January 1 through September 30, 2014

Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of September 30, 2014 have been prepared in accordance with Section 37x of the German Securities Trading Act (WpHG: Wertpapierhandelsgesetz) and with the rules of the International Financial Reporting Standards (IFRS) for interim financial reporting (IAS 34) as applicable in the European Union. The accounting and valuation methods applicable in the 2013 fiscal year remain unchanged, but have been supplemented by the new accounting standards to be applied for the first time in 2014. The interim Group management report has been prepared in compliance with the applicable requirements of the German Securities Trading Act. New accounting standards were introduced in 2014, but they had no substantial impact on WACKER's accounting and valuation methods. Under new standards for Group accounting (IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosures of Interests in Other Entities), consolidation methods have been changed and information in the Notes expanded. In the absence of relevant circumstances, the first-time application of these standards did not result in any change in WACKER Group accounting.

When the interim financial statements are being prepared, it is necessary to make 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 assumptions and estimates if the economic conditions referred to do not develop in line with the expectations as of the reporting date. Taxes are calculated 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.

As of each reporting date, the net defined benefit liability must be reassessed and the discount factor newly determined. As of September 30, 2014, discount factors of 2.8 percent in Germany and 4.12 percent in the USA were used to determine the net defined benefit liability (September 30, 2013: 3.75 percent in Germany and 4.87 percent in the USA). As of December 31, 2013, the actuarial interest rate was 3.8 percent in Germany and 4.75 percent in the USA.

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

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

Seasonal Influences

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

Other Financial Obligations

For information on disclosures of other financial obligations, please refer to the Notes to the consolidated financial statements in the 2013 Annual Report.

No material changes arose in the period under review compared with the information provided in the Annual Report for 2013.

New Accounting Standards

The following standards and interpretations of the IASB were applied for the first time in the first nine months of 2014:

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 method previously used pursuant to IAS 27. Application of the revised standard has no influence on the current determination of the scope of consolidation for WACKER.
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. This has no impact on WACKER's earnings, net assets or financial position because WACKER has always accounted for joint ventures using the equity method in the past, as well. WACKER has examined the other effects of IFRS 11, also with respect to joint operations. The analysis did not result in any reassessment of the joint ventures accounted for up to now using the equity method.
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 leads to a broadening of the disclosures in WACKER's consolidated financial statements.
Amendments to IAS 27	Separate Financial Statements	Jan. 1, 2014	Dec. 11, 2012	IAS 27 now only deals with separate financial statements. The existing guidelines for separate financial statements remain unchanged. Application of the revised standard has no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to 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 has no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.

Standard/ Interpretation		Manda-tory from	Endorsed by EU	Anticipated Impact on WACKER
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition Guidance	Jan. 1, 2014	April 4, 2013	The purpose of the amendments is to clarify the transition guidance in IFRS 10. Additionally, they facilitate the transition to IFRS 10, IFRS 11 and IFRS 12. Application of the changes had 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 has no substantial impact on WACKER's earnings, net assets or financial position.
Amendments to IFRS 10, IFRS 12, and IAS 27	Investment Entities	Jan. 1, 2014	Nov. 20, 2013	The changes focus primarily on redefinition of the term "investment entity." In addition, investment entities are exempted from the obligation to 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.
Amendments to IAS 36	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	Jan. 1, 2014	Dec. 19, 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 indefinite useful life have been recognized. The change limits this disclosure requirement. This provision only applies if impairment or reversal of an impairment loss is recognized in the current period. 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.
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	Jan. 1, 2014	Dec. 19, 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 old 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 does not have any OTC derivatives that are subject to the clearing obligation.

The following standards were approved by the IASB between 2009 and 2014, but their application is not yet mandatory for the period under review or they have not yet been adopted by the EU.

Standard/ Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
IFRIC 21	Levies	May 20, 2013	Jan. 1, 2015	June 13, 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 have no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
IFRS 9	Financial Instruments	July 24, 2014	Jan. 1, 2018	Postponed	In addition to the recognition and measurement of financial assets, the updated version of IFRS 9 contains new stipulations for accounting impairments of financial assets and revised requirements for the classification and measurement of financial instruments as part of hedge accounting. 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. The classification model for financial liabilities will be retained. The recognition of impairments will change fundamentally since credit losses will no longer be recognized when actually incurred, but as soon as they are expected to be incurred. The goal of the new hedge accounting model under IFRS 9 is to better reflect risk management activities in the financial statements. Cash flow hedge accounting, fair value hedge accounting and hedging of a net investment in a foreign operation remain admissible hedging relationships. In each case, the number of qualifying underlying and hedging transactions was extended. At the moment, WACKER cannot conclusively assess what impacts the first-time application of this standard will have on its earnings, net assets or financial position, or on the presentation of its financial statements, should it be endorsed by the EU in its current form.

Standard/ Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
IFRS 14	Regulatory Deferral Accounts	Jan. 30, 2014	Jan. 1, 2016	To be determined	This standard allows entities preparing IFRS statements for the first time in accordance with IFRS 1 “First-Time Adoption of the International Financial Reporting Standards” to include in these statements so-called regulatory deferral accounts recognized under current national accounting standards for rate-regulated activities, and to allow the entities to continue to prepare their financial statements according to previously applicable accounting methods. The amendments have no impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements since WACKER is not a first-time adopter in accordance with IFRS 1.
IFRS 15	Revenue from Contracts with Customers	May 28, 2014	Jan. 1, 2017	Q2 2015	IFRS 15 sets out that an entity shall recognize revenue whenever the customer obtains control of, and can draw an economic benefit from, the promised goods and services. The transfer of significant risks and rewards of ownership is no longer of primary importance, as was still the case under the old IAS 18 “Revenue” rules. Revenue shall be recognized in an amount that reflects the consideration to which an entity expects to be entitled. The new model provides a five-step framework for recognizing revenue, which first identifies the contract with a customer and the performance obligations it entails, and then determines and allocates the transaction price. The revenue shall be recognized for each individual performance obligation when the customer obtains control of the good or service. WACKER is currently evaluating the new standard to determine its impact on the recognition of revenue. We presently expect the impact on WACKER’s earnings, net assets and financial position to be minor. The new standard will result in broader disclosure details in WACKER’s financial statements.
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	Nov. 21, 2013	July 1, 2014	Expected in Q4 2014	The amendments clarify those regulations that concern the allocation of contributions by employees or third parties to service periods in cases where the contributions are linked to the same period of service. In addition, relief is granted in cases where the contributions are independent of the number of years of service. The amendments have no impact on WACKER’s earnings, net assets or financial position, or on the presentation of its financial statements.
Improvements to IFRS (2010–2012)		Dec. 12, 2013	July 1, 2014	Expected in Q4 2014	The amendments affect IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. Their application has no substantial impact on WACKER’s earnings, net assets or financial position.
Improvements to IFRS (2011–2013)		Dec. 12, 2013	July 1, 2014	Expected in Q4 2014	The amendments affect IFRS 1, IFRS 3, IFRS 13 and IAS 40. Their application has no substantial impact on WACKER’s earnings, net assets or financial position.

Standard/ Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	May 6, 2014	Jan. 1, 2016	Expected in Q1 2015	This amendment clarifies that the acquisition and accumulation of interests in joint operations that represent a business (as defined by IFRS 3 "Business Combinations") should be recognized by applying the accounting principles for business combinations in IFRS 3 and other applicable IFRSs, unless these conflict with IFRS 11. This clarification currently has no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	May 12, 2014	Jan. 1, 2016	Expected in Q1 2015	The amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate since depreciation does not reflect consumption of the expected future economic benefits embodied in the asset. This also applies to intangible assets with a limited useful life. The presumption here, however, can be rebutted. The amendment also clarifies that a decline in sales prices of the goods produced can serve as an indicator of the commercial obsolescence of property, plant and equipment. WACKER uses only straight-line depreciation over the expected useful life of such assets. Thus, the clarification has no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to IAS 16 and IAS 41	Financial Reporting for Bearer Plants	June 30, 2014	Jan. 1, 2016	Expected in Q1 2015	IAS 41 currently requires all biological assets related to agricultural activity to be measured at fair value less estimated costs to sell. According to the amendments, bearer plants are henceforth to be accounted for in the same way as property, plant and equipment in IAS 16 because they are utilized in a similar way. However, the produce growing on bearer plants will remain within the scope of IAS 41. In the absence of relevant circumstances, the amendment has no impact on WACKER's earnings, net assets or financial position, or on the presentation of its financial statements.
Amendments to IAS 27	Separate Financial Statements (Equity Method)	Aug. 12, 2014	Jan. 1, 2016	Expected in Q3 2015	In the future, this revision of IAS 27 will allow an entity to apply the equity method to account for investments in subsidiaries, joint ventures and associates in its separate IFRS financial statements. Application of the revised standard has no impact on WACKER since it does not compile separate financial statements.
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sept. 11, 2014	Jan. 1, 2016	Expected in Q3 2015	In accordance with these two revised standards, the investor's gain or loss must always be recognized in full if a transaction constitutes a business as defined in IFRS 3. If this is not the case and the transaction concerns assets that do not constitute a business, the gain or loss is recognized only to the extent of unrelated investors' interests in the associate or joint venture. Their application currently has no impact on WACKER's earnings, net assets or financial position.
Improvements to IFRS (2012–2014)		Sept. 25, 2014	Jan. 1, 2016	Expected in Q3 2015	The amendments affect IFRS 5, IFRS 7, IAS 19 and IAS 34. Their application has no substantial impact on WACKER's earnings, net assets or financial position.

Changes in the Scope of Consolidation

As of September 30, 2014, the scope of consolidation comprised 56 companies, including Wacker Chemie AG, and a special-purpose entity. Fifty-two companies were consolidated in the interim financial statements. The scope of consolidation has changed compared with December 31, 2013 as follows.

On January 2, 2014, Wacker Biotech GmbH, a WACKER subsidiary, acquired 100 percent of the shares in Scil Proteins Production GmbH, based in Halle, Germany, by means of a share deal. The acquisition is an opportunity for WACKER BIOSOLUTIONS to strengthen and expand its production capacities for therapeutic proteins. Scil Proteins Production GmbH has experience in protein refolding. Refolding is a key process step for achieving the desired active properties in proteins that cannot be produced in an active form in bacterial cells. This know-how represents a significant addition to WACKER BIOSOLUTIONS' process chain. WACKER is taking over the company's production facilities as well as its patent portfolio and customer base.

The purchase price for this company amounts to some €14 million and comprises a lump-sum payment and milestone payments. These were taken into account during purchase price allocation. The milestone payments essentially depend on the achievement of various production, technology and marketing targets.

At the time of the acquisition, fair value of the acquired assets totaled €22.7 million, with €11.2 million in noncurrent assets and €11.5 million in current assets. Fair value of the acquired liabilities amounted to €9.2 million, with €4.3 million in noncurrent liabilities and €4.9 million in current liabilities. The transaction resulted in a small amount of goodwill of €0.3 million. The purchase price allocation was concluded on March 31, 2014. No substantial impact on the Group's sales and earnings resulted from the purchase.

On January 24, 2014, WACKER signed a contract to take over the majority of shares in the joint venture Siltronic Samsung Wafer Pte. Ltd. in Singapore (SSW), which had previously been jointly managed by Siltronic and Samsung on a 50:50 basis. Siltronic subscribed new shares in a capital increase for a total of SG$150 million (equivalent to €86.5 million) and now holds a 77.7-percent stake in the company. Samsung did not subscribe any additional shares in the company, and will carry the company exclusively as a non-controlling interest to maintain good delivery relationships. Following the acquisition of a majority stake, the company was renamed Siltronic Silicon Wafer Pte. Ltd., Singapore.

Siltronic Silicon Wafer Pte. Ltd., Singapore, is a production site for 300 mm wafers in Asia. Since Siltronic's facilities for producing 200 mm wafers in Singapore are in the immediate vicinity, there will be additional benefits from synergies and cost advantages. Due to the declining prices for 300 mm wafers and high depreciation, the company posted negative equity as of the end of fiscal 2013. As part of modifying the joint-venture agreement, the partners agreed to refinance external debt.

To do so, Siltronic and Samsung made payments to repay €195.9 million of financing from external banks. In addition to the capital increase, Siltronic agreed to grant a shareholder loan totaling €28.6 million and make advance payments for future deliveries amounting to €20.0 million. Samsung also agreed to make advance payments for future deliveries amounting to €53.3 million that will serve to pay off external financing. As a result, €195.9 million of the existing total external debt at the time of acquisition (€227.6 million) was paid off. The debt repaid by WACKER was reported in the Group's statement of cash flows under cash flow from financing activities. These transactions had no impact on earnings.

Old shares in Siltronic Silicon Wafer Pte. Ltd. accounted for using the equity method at the time of initial full consolidation were posted with a value of zero due to cumulative losses. Further losses from this investment amounting to €20.6 million were offset with a shareholder loan classified as a net investment. A valuation carried out by an external expert using an actuarial model did not result in any value adjustment of the old shares. The valuation was based on company cash flow planning. As a result of the transition to full consolidation, foreign currency translation adjustments previously recognized directly in equity were realized in the income statement as a non-cash gain of €14.9 million.

The existing contractual relationships between Siltronic and SSW were recognized at fair value or concluded at market prices. These involve shareholder loans issued by Siltronic in the amount of €93.0 million and a shareholder loan carried as a net investment in the amount of €49.2 million. All shareholder loans have the option of conversion to equity. In addition, there are total prepayments and trade receivables or trade payables in the amount of €14.3 million. Furthermore, there is a license agreement, a long-term supply contract with SSW for polysilicon delivery and an obligation to accept delivery of 300 mm wafers. The valuation of these contractual relationships had no effect on earnings, with the exception of the consolidation effect from equity-method accounting in the amount of €20.6 million.

The €86.5 million of the capital increase paid by Siltronic in cash does not fully reflect the value of the newly acquired stake in SSW. An amount of €41.3 million is attributable to accumulated losses and thus increases the value of the remaining non-controlling interest. Of this, €20.6 million was set off against the net investment in accordance with equity-method accounting. A further €20.7 million was recognized in profit and loss in connection with the capital increase in Q1 2014. Consideration for the newly subscribed shares therefore amounts to €45.2 million.

Exchange-rate gains from the disposal of the previous stake in the amount of €14.9 million and the compensation of SSW's accumulated losses in the amount of €20.7 million resulted in an overall loss on disposal of €5.8 million, which was recognized under other operating expenses.

The purchase price allocation was concluded on June 30, 2014. Only minor changes were made to the preliminary fair values of assets and liabilities. The following table shows the fair values of the assets and liabilities at the acquisition date:

Fair Value of SSW Assets and Liabilities

T 3.9

€ million	
Capital increase by Siltronic	86.5
Increase in liquidity from the capital increase for SSW	–86.5
Contractual and other relationships prior to acquisition	135.8
Valuation basis for determining goodwill	135.8
Financial liabilities*	227.6
Trade payables	8.7
Other liabilities	11.1
Total debt	247.4
Intangible assets	–9.8
Property, plant and equipment	–316.0
Inventories	–33.9
Trade receivables, other assets	–8.4
Cash and cash equivalents	–27.0
Total assets	–395.1
Non-controlling interests in equity	12.5
Goodwill	0.6

*Including third-party shareholder loans

The acquired receivables had a fair value of €8.4 million and exclusively comprised trade receivables. The fair value corresponded to the gross value of the receivables.

Samsung's non-controlling share amounted to €12.5 million.

In the period from January 1, 2014 through September 30, 2014, SSW posted sales of €122.5 million, EBITDA of €22.4 million and net income for the period of €–43.3 million.

Acquisition costs incurred in connection with the transactions were only minor, and were recorded in the statement of income.

Segment Reporting

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

Information on Fair Value

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

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

T 3.10

€ million	Sept. 30, 2014		Dec. 31, 2013	
	Fair value	Carrying amount	Fair value	Carrying amount
Trade receivables	749.6	749.6	614.1	614.1
Other financial assets[1]	442.7	453.9	583.6	573.6
Current securities and fixed-term deposits held to maturity	50.0	50.0	–	–
Available-for-sale securities	192.7	192.7	198.6	198.6
Loans and receivables	196.9	196.9	362.9	341.7
Available-for-sale financial assets[2]	n. a.	11.2	n. a.	11.2
Derivative financial instruments	3.1	3.1	22.1	22.1
Cash and cash equivalents	448.4	448.4	431.8	431.8
Financial liabilities	1,581.4	1,562.1	1,389.6	1,378.5
Liabilities from finance leases	30.7	30.7	38.2	38.2
Trade payables	365.2	365.2	309.4	309.4
Other financial liabilities[3]	219.5	219.5	141.4	141.4
Financial liabilities recognized at amortized cost	164.8	164.8	108.2	108.2
Derivative financial instruments	54.7	54.7	33.2	33.2

[1] Does not include tax receivables, advance payments made, or accruals and deferrals.
[2] This item contains available-for-sale financial assets the market values of which cannot be calculated reliably and which have been recognized at cost. This item, along with noncurrent loans, is shown in the statement of financial position under noncurrent financial assets.
[3] Includes other liabilities shown in the statement of financial position, with the exception of advance payments received, accruals and deferrals, 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 were 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, 2014.

The financial assets and liabilities measured at fair value in the balance sheet were allocated to one of three categories in accordance with the fair value hierarchy described in IFRS 13. Allocation to these categories reveals which of the fair values reported were settled through market transactions and the extent to which the measurement was based on models in the absence of observable market transactions. Please refer to the Financial Instruments chapter in the Notes to the consolidated financial statements in the 2013 Annual Report for a definition of the fair value hierarchy and the allocation of financial assets and liabilities to the categories in this hierarchy.

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

Fair Value Hierarchy

T 3.11

€ million	Fair value hierarchy September 30, 2014				Fair value hierarchy December 31, 2013			
	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)	–	2.5	–	2.5	–	5.4	–	5.4
Fair value through other comprehensive income								
Derivatives for which hedge accounting is used	–	0.6	–	0.6	–	16.7	–	16.7
Available-for-sale financial assets	192.7	–	–	192.7	198.6	–	–	198.6
Total	192.7	3.1	–	195.8	198.6	22.1	–	220.7
Financial liabilities measured at fair value								
Fair value through profit or loss								
Derivatives for which hedge accounting is not used (liabilities held for trading)	–	22.7	–	22.7	–	0.8	–	0.8
Fair value through other comprehensive income/ through profit or loss								
Derivatives for which hedge accounting is used	–	32.0	–	32.0	–	32.4	–	32.4
Total	–	54.7	–	54.7	–	33.2	–	33.2

The market value determined in level 1 is based on quoted, unadjusted prices in active markets for the assets and liabilities in question or identical ones. The financial instruments allocated to level 2 are measured using valuation methods based on parameters that are either directly or indirectly derived from observable market data. These include hedging and non-hedging derivative financial instruments, loans and financial debt. In level 3, the market value is determined on the basis of parameters for which no observable prices are available. 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 2013, no reclassifications were carried out between the levels of the fair value hierarchy in the first nine months of 2014.

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. A shareholder is deemed to have control if it has more than half of the voting rights in Wacker Chemie AG or, by virtue of provisions in the Articles of Association or contractual arrangements, has the possibility of controlling the financial and business policy of the WACKER Group's Executive Board.

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 provision of services takes place at standard market terms.

Wacker Chemie AG's pension fund is also considered a related party pursuant to IAS 24. Provision of services takes place between the two entities in the area of company pension plan benefits. WACKER makes payments to plan assets to cover pension obligations. Wacker Chemie AG also rents the headquarters building and the property on which it stands from a subsidiary of Pensionskasse der Wacker Chemie VVaG. Overall, expenditures in the quarter under review amounted to €32.6 million (Q3 2013: €27.6 million). As of September 30, 2014, WACKER had outstanding receivables from the pension fund of €50.8 million (Dec. 31, 2013: €40.3 million).

Apart from that, 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 under conditions that are customary between outside third parties. For joint-venture and associated-company product shipments, contractually agreed transfer-price formulas have been defined.

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

Related Party Disclosures

T 3.12

€ million	2014				2013			
	9M 2014		Sept. 30, 2014		9M 2013		Dec. 31, 2013	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associated companies	3.8	89.3	1.4	16.6	3.5	81.9	2.0	7.6
Joint ventures	21.8	1.2	5.4	0.1	50.4	39.3	25.3	3.9
Other	–	–	–	–	–	–	–	0.2

In addition, €98.3 million was loaned to associated companies and joint ventures (Dec. 31, 2013: €231.6 million). The loans contain capitalized interest income for the nine-month period of €3.1 million (Dec. 31, 2013: €10.1 million). For further information, please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2013.

Exchange Rates

During the reporting period and/or 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:

Exchange Rates

T 3.13

€ million	Exchange rate as of			Average exchange rate	
	Sept. 30, 2014	Sept. 30, 2013	Dec. 31, 2013	Sept. 30, 2014	Sept. 30, 2013
USD	**1.27**	1.35	1.38	**1.33**	1.32
JPY	**138.89**	132.10	144.72	**137.74**	131.06
SGD	**1.61**	1.70	1.74	**1.66**	1.68
CNY	**7.79**	8.26	8.34	**8.17**	8.11

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 30, 2014
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 30, 2014
Wacker Chemie AG's Executive Board

Rudolf Staudigl	Tobias Ohler
Joachim Rauhut	Auguste Willems

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2 Interim Group Management Report

3 Condensed Interim Financial Statements

2015 Financial Calendar

March 17
Annual Report on fiscal 2014

April 30
Interim Report on the 1st Quarter of 2015

May 8
Annual Shareholders' Meeting

Aug. 3
Interim Report on the 2nd Quarter of 2015

Oct. 29
Interim Report on the 3rd Quarter of 2015

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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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