



WACKER

Q1

Interim Report
January – March 2016

Published on April 28, 2016

WACKER is one of the world's largest producers of hyperpure polycrystalline silicon, which is the key raw material for solar cells and semiconductors.

Interim Report for January – March 2016

Group sales for Q1 2016 total €1.31 billion, down 2 percent year over year, but up 7 percent quarter over quarter

Chemical divisions lift earnings amid good customer demand

EBITDA for the reporting quarter comes in at €229 million, 14 percent lower than a year ago due to start-up costs for new Charleston site, but 22 percent higher quarter over quarter

Net income for Q1 2016 amounts to €16 million

Capital expenditures 36 percent below comparable prior-year figure, with Charleston site successfully coming on stream

Earnings forecast raised: for full-year 2016, EBITDA expected to grow by between 5 and 10 percent when adjusted for special income, while Group sales still projected to climb by a low single-digit percentage

WACKER at a Glance

€ million	Q1 2016	Q1 2015	Change in %
Results/Return/Cash Flow			
Sales	1,314.3	1,334.9	-1.5
EBITDA ¹	228.9	267.1	-14.3
EBITDA margin ² (%)	17.4	20.0	-
EBIT ³	58.9	126.3	-53.4
EBIT margin ² (%)	4.5	9.5	-
Financial result	-28.5	-7.0	>100
Income before income taxes	30.4	119.3	-74.5
Net income for the period	16.1	70.6	-77.2
Earnings per share (basic/diluted) (€)	0.41	1.42	-71.3
Capital expenditures	111.2	174.9	-36.4
Depreciation	170.0	140.8	20.7
Net cash flow ⁴	-12.0	17.4	n.a.

€ million	March 31, 2016	March 31, 2015	Dec. 31, 2015
Financial Position			
Total assets	7,441.9	7,430.7	7,264.4
Equity	2,487.7	1,817.0	2,795.1
Equity ratio (%)	33.4	24.5	38.5
Financial liabilities	1,636.3	1,583.7	1,455.4
Net financial debt ⁵	1,110.0	1,198.1	1,074.0

€ million	Q1 2016	Q1 2015	Change in %
Research and Development			
R&D expenses	45.0	44.7	0.7
Employees			
Personnel expenses	358.3	343.2	4.4
Employees (number at end of period)	17,048	16,844	1.2

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.

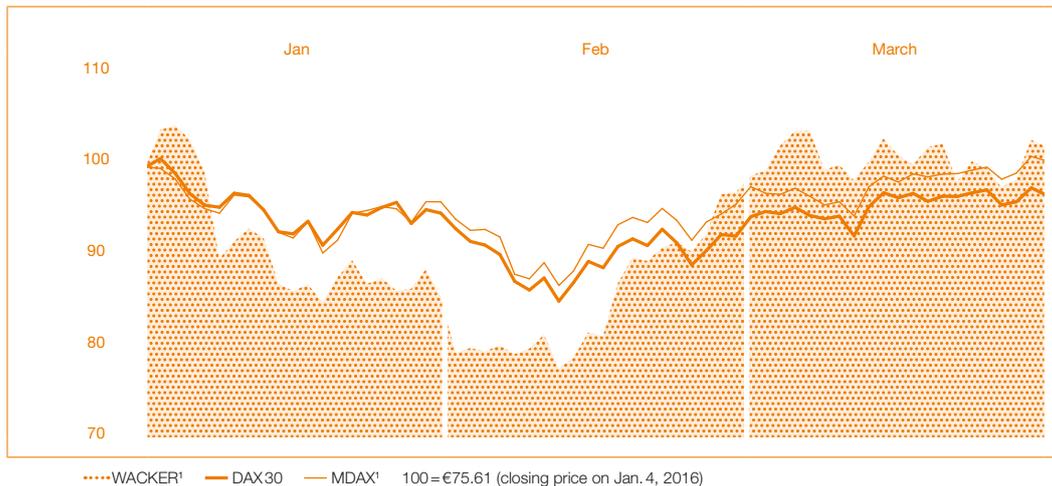
WACKER Stock

Concerns about the economy in China and the expansionary monetary policy of major central banks dominated international financial-market sentiment in the first quarter. The losses on Asian stock markets and the Chinese economy's marked slowdown put substantial pressure, in particular, on the stocks of major exporting companies, dragging down key indices worldwide. In response to low inflation and continued deflationary fears in Europe, the European Central Bank (ECB) decided on March 10 to lower the main refinancing rate to zero percent for the first time ever. After having raised rates slightly in December 2015, the us Federal Reserve is now taking a cautious approach. In March, it left the federal funds rate unchanged at between 0.25 and 0.5 percent.

Following significant early-year losses, Germany's DAX and MDAX indices recovered somewhat as of mid-February. In the reporting quarter, the DAX dropped a total of around 3 percent and the MDAX closed essentially unchanged compared with the beginning of the year.

Despite the unfavorable financial-market conditions, WACKER stock slightly outperformed these two German indices. WACKER shares started Q1 2016 at €75.61. In line with the general stock-market trend, the price initially fell until mid-February, reaching its first-quarter low of €58.73 on February 11. In the weeks that followed, the stock recovered and climbed to a high of €78.68 on March 7, before closing at €77.34 on March 31. That was a good 2 percent higher than at the start of the year and corresponded to a market capitalization of €3.84 billion.

WACKER Share Performance in Q1 2016 (indexed to 100)¹



Please refer to the 2015 Annual Report (pages 42 to 48) and the internet (www.wacker.com/investor-relations) for more details about WACKER stock.

Dear Shareholders,

WACKER began 2016 in line with expectations. Start-up costs of around €30 million for our new polysilicon site in Tennessee, along with lower prices for solar silicon and semiconductor wafers, influenced the Group's earnings before interest, taxes, depreciation and amortization in the first three months.

Chemical business continued to grow relative to the corresponding quarter of last year. In our polysilicon business, January-through-March sales volumes were substantially higher than in Q1 2015, though at lower average prices. Semiconductor-sector demand for silicon wafers in the reporting quarter was subdued and prices remained low, as forecast.

After low solar-silicon prices in Q4 and at the start of this year, we have seen polysilicon prices rising slowly but steadily since mid-February, benefiting WACKER's polysilicon business. Demand for our solar silicon remains robust. In March, we manufactured almost 500 metric tons of polysilicon at our new plant in Charleston, Tennessee, and sold initial quantities on the market. Lab tests show that our "made in USA" material fully meets the high quality standards we are familiar with from our German production sites.

The start-up of the Charleston plant concludes the capital-intensive phase of our expansion projects. Consequently, we will be investing only about half as much this year as we did in 2015. Our future strategic focus will be on additional capacity for intermediate and downstream products at our chemical divisions. We intend to use these facilities to maximize our growth opportunities in all key markets. At the same time, we will pursue numerous measures to enhance our cost structures and, in turn, the profitability of our business activities.

Despite the uncertainty surrounding global economic trends, we remain optimistic for 2016. A key engine for our success is our chemical business. It represents almost two-thirds of our sales. The wide range of advanced chemical products we supply to numerous key industries is one of our core strengths. We want to continue building on these strengths, transforming them into business success. WACKER has shown on many occasions in the past that it is capable of doing just that.

Munich, April 28, 2016

Wacker Chemie AG's Executive Board

Group Performance and Earnings

January 1 through March 31, 2016

Sales

€ million	Q1 2016	Q1 2015	Change in %
WACKER SILICONES	491.3	474.8	3.5
WACKER POLYMERS	285.9	284.6	0.5
WACKER BIOSOLUTIONS	49.6	49.4	0.4
WACKER POLYSILICON	273.1	289.4	-5.6
SILTRONIC	220.6	238.7	-7.6
Corporate functions/Other	40.7	51.8	-21.4
Consolidation	-46.9	-53.8	-12.8
Group sales	1,314.3	1,334.9	-1.5

EBITDA

€ million	Q1 2016	Q1 2015	Change in %
WACKER SILICONES	87.9	67.7	29.8
WACKER POLYMERS	64.4	59.9	7.5
WACKER BIOSOLUTIONS	9.6	8.8	9.1
WACKER POLYSILICON	39.4	78.7	-49.9
SILTRONIC	23.6	40.0	-41.0
Corporate functions/Other	4.1	12.7	-67.7
Consolidation	-0.1	-0.7	-85.7
Group EBITDA	228.9	267.1	-14.3

EBIT

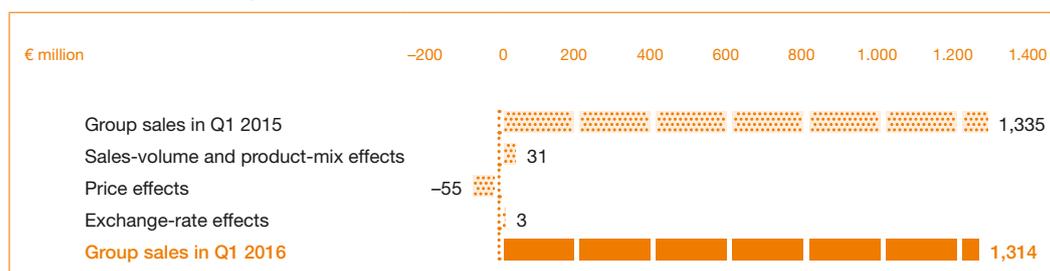
€ million	Q1 2016	Q1 2015	Change in %
WACKER SILICONES	68.0	47.6	42.9
WACKER POLYMERS	54.6	51.4	6.2
WACKER BIOSOLUTIONS	6.8	6.0	13.3
WACKER POLYSILICON	-48.3	21.7	n.a.
SILTRONIC	-5.2	8.7	n.a.
Corporate functions/Other	-17.0	-8.5	100.0
Consolidation	0.0	-0.6	n.a.
Group EBIT	58.9	126.3	-53.4

Group Sales Up 7 Percent Quarter over Quarter and Down 2 Percent Year over Year

In the first quarter of 2016, Group sales totaled €1,314.3 million after €1,334.9 million last year – a decline of 2 percent year over year, but 7 percent higher than in Q4 2015 (€1,232.9 million).

The main reason the Group did not quite match its Q1 2015 sales figure was the fact that solar-silicon prices were much lower than a year ago and that prices declined for semiconductors. However, volumes rose considerably in certain areas, particularly for polysilicon, as well as for polymer and silicone products. Changes in exchange rates had virtually no impact on the sales trend during the reporting quarter. Seasonal effects at the chemical divisions also played a role in the sales gain compared with the prior quarter.

Year-over-Year Sales Comparison



Sales in Asia and the Americas Decline Slightly Year over Year Due to Price Effects

Viewed by region, the first-quarter Group sales trend varied. Sales remained stable in Germany and Europe on balance, but were below the prior-year figures in Asia and the Americas.

Quarter over quarter, WACKER sales went up in every region. Percentage growth was highest in Germany, the rest of Europe and the Americas.

Group Sales by Region

€ million	Q1 2016	Q1 2015	Change in %	% of Group sales
Asia	551.9	569.3	-3.1	42
Europe (excluding Germany)	292.3	297.0	-1.6	22
Germany	182.1	176.0	3.5	14
The Americas	233.0	243.8	-4.4	18
Other regions	55.0	48.8	12.7	4
Total sales	1,314.3	1,334.9	-1.5	100

EBITDA at €229 Million – EBITDA Margin at 17.4 Percent

In Q1 2016, the WACKER Group posted earnings before interest, taxes, depreciation and amortization (EBITDA) of €228.9 million. That was 22 percent more than in the preceding quarter (€188.4 million), but 14 percent less than a year earlier (€267.1 million). This EBITDA drop mainly stemmed from the year-over-year decline in polysilicon and silicon-wafer prices and the start-up costs for the new Charleston site. In contrast, volume growth and good cost levels had a positive impact on earnings.

Start-up costs at the new Charleston site were the main reason for the cost-of-sales ratio increasing by 5 percentage points year over year to a total of 83 percent. The Group posted a foreign currency loss of €-10.9 million in Q1 2016, after €-4.3 million a year earlier. In the reporting quarter, EBITDA did not include any special income from advance payments retained or damages received from terminated contracts with polysilicon customers. This item had amounted to €4.7 million last year.

The Group's EBITDA margin for Q1 2016 was 17.4 percent, compared with 20.0 percent a year ago and 15.3 percent in the prior quarter.

EBIT and Net Income for the Period Decline Markedly Due to Higher Depreciation

Reconciliation of EBITDA to EBIT

€ million	Q1 2016	Q1 2015	Change in %
EBITDA	228.9	267.1	-14.3
Depreciation / appreciation of noncurrent assets	-170.0	-140.8	20.7
EBIT	58.9	126.3	-53.4

The Group's earnings before interest and taxes (EBIT) totaled €58.9 million in Q1 2016, after €126.3 million a year earlier. That was a decrease of 53 percent and yielded an EBIT margin of 4.5 percent, compared with 9.5 percent a year ago. This decline was due to much higher depreciation than a year earlier. The start-up of production at the new site in Charleston caused depreciation to rise from €140.8 million to €170.0 million year over year. EBIT grew 75 percent relative to Q4 2015 (€33.7 million).

Reconciliation of EBIT to Net Income for the Period

€ million	Q1 2016	Q1 2015	Change in %
EBIT	58.9	126.3	-53.4
Financial result	-28.5	-7.0	>100
Income before income taxes	30.4	119.3	-74.5
Income taxes	-14.3	-48.7	-70.6
Net income for the period	16.1	70.6	-77.2
Of which			
Attributable to Wacker Chemie AG shareholders	20.2	70.4	-71.3
Attributable to non-controlling interests	-4.1	0.2	n.a.
Earnings per share in € (basic/diluted)	0.41	1.42	-71.3
Average number of shares outstanding (weighted)	49,677,983	49,677,983	-

Financial and Net Interest Result

The WACKER Group's first-quarter financial result totaled €-28.5 million, compared with €-7.0 million last year. Due to the start-up of Charleston, no construction-related borrowing costs were capitalized as of Q1 2016, after €5.0 million a year earlier. In consequence, interest expenses rose from €6.9 million in Q1 2015 to €14.1 million in the reporting quarter. A year ago, the other financial result included exchange-rate gains of €12.4 million on financial assets. No income was posted for this item in Q1 2016.

Income Taxes

The effective tax rate for the first three months of the year was 47.0 percent, after 40.8 percent a year earlier. This increase stemmed from markedly lower income before taxes and from non-deductible losses incurred at some subsidiaries.

Net Income for the Period

As expected, net income for the period decreased substantially due to the above-mentioned effects. It totaled €16.1 million in the reporting quarter, compared with €70.6 million a year earlier.

Earnings per Share

Earnings per share came in at €0.41 due to the lower result for the quarter. The corresponding figure in Q1 2015 was €1.42.

Division Performance

WACKER SILICONES

WACKER SILICONES

€ million	Q1 2016	Q1 2015	Change in %
External sales	491.2	474.8	3.5
Internal sales	0.1	–	n.a.
Total sales	491.3	474.8	3.5
EBIT	68.0	47.6	42.9
EBIT margin (%)	13.8	10.0	–
Depreciation	19.9	20.1	–1.0
EBITDA	87.9	67.7	29.8
EBITDA margin (%)	17.9	14.3	–
Capital expenditures	10.8	13.7	–21.2
As of	March 31, 2016	Dec.31, 2015	Change in %
Number of employees	4,396	4,353	1.0

In Q1 2016, WACKER SILICONES posted total sales of €491.3 million, compared with €474.8 million a year earlier. This rise of 4 percent was mainly attributable to higher volumes. At the same time, changes in exchange rates and somewhat lower prices for a number of product groups compared with Q1 2015 slightly dampened sales. The division's sales were up 7 percent on the preceding quarter's figure of €460.3 million.

Construction products, such as concrete and facade-impregnation applications, sold well in the reporting quarter. Silicone rubber and silicones for power-engineering, electronics and personal-care products also recorded strong year-over-year growth. On the other hand, volume growth in silicones for industrial coatings and foam-control agents was slower.

The division's plant utilization averaged over 90 percent in the reporting quarter. This strong utilization rate, along with low costs and higher sales, had a positive effect on EBITDA. EBITDA rose by 30 percent, from €67.7 million a year ago to €87.9 million in the reporting quarter. Relative to Q4 2015 (€49.6 million), divisional EBITDA was 77 percent higher. The EBITDA margin increased to 17.9 percent in January through March 2016, after 14.3 percent in Q1 2015 and 10.8 percent in Q4 2015.

WACKER SILICONES' capital expenditures in Q1 2016 amounted to €10.8 million compared with €13.7 million a year ago. The funds went primarily toward expanding capacities for downstream silicone products.

WACKER POLYMERS

WACKER POLYMERS

€ million	Q1 2016	Q1 2015	Change in %
External sales	280.9	278.1	1.0
Internal sales	5.0	6.5	-23.1
Total sales	285.9	284.6	0.5
EBIT	54.6	51.4	6.2
EBIT margin (%)	19.1	18.1	-
Depreciation	9.8	8.5	15.3
EBITDA	64.4	59.9	7.5
EBITDA margin (%)	22.5	21.0	-
Capital expenditures	3.6	13.3	-72.9
As of	March 31, 2016	Dec. 31, 2015	Change in %
Number of employees	1,476	1,461	1.0

At €285.9 million, total sales at WACKER POLYMERS were slightly higher than the year-earlier figure (€284.6 million) and 5 percent above the preceding quarter (€273.3 million). Higher volumes of dispersions and dispersible polymer powders lifted sales both year over year and quarter over quarter. On the other hand, prices were lower on balance, which somewhat slowed sales growth.

Polymer products for dry-mix mortars, adhesives and technical textiles performed well, while volumes were weaker for coating and packaging applications. WACKER POLYMERS' plant-utilization rate averaged 85 percent in the quarter under review.

The division's EBITDA grew to €64.4 million, up almost 8 percent on last year (€59.9 million). The rise was mainly due to volume growth and a very good cost level. Compared with the preceding quarter (€40.8 million), WACKER POLYMERS grew its EBITDA by 58 percent, with seasonal effects also playing a key role. The EBITDA margin in the reporting quarter climbed to 22.5 percent, compared with 21.0 percent a year ago. The corresponding Q4 2015 figure was 14.9 percent.

In the first quarter of 2016, WACKER POLYMERS invested €3.6 million, after €13.3 million a year earlier.

WACKER BIOSOLUTIONS

WACKER BIOSOLUTIONS

€ million	Q1 2016	Q1 2015	Change in %
External sales	49.6	49.4	0.4
Internal sales	–	–	–
Total sales	49.6	49.4	0.4
EBIT	6.8	6.0	13.3
EBIT margin (%)	13.7	12.1	–
Depreciation	2.8	2.8	–
EBITDA	9.6	8.8	9.1
EBITDA margin (%)	19.4	17.8	–
Capital expenditures	1.7	1.0	70.0
As of	March 31, 2016	Dec. 31, 2015	Change in %
Number of employees	502	491	2.2

In January through March 2016, WACKER BIOSOLUTIONS posted total sales of €49.6 million, on a par with the prior-year level (€49.4 million). Volume growth in some segments was the key factor supporting this stable trend. Conversely, somewhat lower prices in a number of areas dampened sales growth. Pharmaceutical proteins performed especially well year over year. WACKER BIOSOLUTIONS achieved an 11-percent increase in sales relative to Q4 2015 (€44.6 million).

The division's earnings grew faster than sales. EBITDA at WACKER BIOSOLUTIONS reached €9.6 million in the reporting quarter, substantially above the comparable period last year (€8.8 million) and the preceding quarter (€6.7 million). The year-over-year increase of 9 percent was above all due to good plant-utilization rates for some products, as well as license-fee income. The EBITDA margin rose accordingly to reach 19.4 percent, after 17.8 percent a year ago and 15.0 percent in Q4 2015.

WACKER BIOSOLUTIONS invested €1.7 million in the reporting quarter compared with €1.0 million a year ago.

WACKER POLYSILICON

WACKER POLYSILICON

€ million	Q1 2016	Q1 2015	Change in %
External sales	251.6	267.9	-6.1
Internal sales	21.5	21.5	-
Total sales	273.1	289.4	-5.6
EBIT	-48.3	21.7	n.a.
EBIT margin (%)	-17.7	7.5	-
Depreciation	87.7	57.0	53.9
EBITDA	39.4	78.7	-49.9
EBITDA margin (%)	14.4	27.2	-
Capital expenditures	69.1	133.6	-48.3
As of	March 31, 2016	Dec. 31, 2015	Change in %
Number of employees	2,381	2,373	0.3

Thanks mainly to substantially higher volumes, WACKER POLYSILICON increased its total sales by 13 percent compared with the preceding quarter (€241.5 million). Coming in at €273.1 million, sales were 6 percent lower, though, compared with Q1 2015 (€289.4 million). This was chiefly due to solar-silicon prices, which decreased substantially year over year. After declining in the preceding quarter and remaining low at the start of this year, prices for solar silicon have picked up slightly since mid-February.

WACKER POLYSILICON's reporting-quarter EBITDA amounted to €39.4 million. It was 50 percent lower than a year ago (€78.7 million) and 44 percent less than in the preceding quarter (€70.5 million). In addition to the year-over-year decline in polysilicon prices, it was the start-up costs of around €30 million for the new polysilicon site at Charleston, Tennessee (USA) that diminished the division's EBITDA. In the reporting quarter, WACKER POLYSILICON did not generate any special income from advance payments retained or damages received. It had posted €4.7 million in special income in Q1 2015. WACKER POLYSILICON's EBITDA margin came in at 14.4 percent in the three-month period from January through March, after 27.2 percent in Q1 2015 and 29.2 percent in Q4 2015. When adjusted for the Charleston start-up costs, the division's EBITDA margin was just over 25 percent in the reporting quarter.

At €69.1 million, WACKER POLYSILICON's capital expenditures in Q1 2016 were considerably lower than a year ago (€133.6 million). The vast majority of this amount went toward completion of the new polysilicon site at Charleston.

SILTRONIC

SILTRONIC

€ million	Q1 2016	Q1 2015	Change in %
External sales	218.8	237.2	-7.8
Internal sales	1.8	1.5	20.0
Total sales	220.6	238.7	-7.6
EBIT	-5.2	8.7	n.a.
EBIT margin (%)	-2.4	3.6	-
Depreciation	28.8	31.3	-8.0
EBITDA	23.6	40.0	-41.0
EBITDA margin (%)	10.7	16.8	-
Capital expenditures	20.5	4.4	>100
As of	March 31, 2016	Dec.31, 2015	Change in %
Number of employees	3,880	3,894	-0.4

Siltronic generated total sales of €220.6 million in the first quarter of 2016, down 8 percent on last year's figure of €238.7 million. Subdued demand for semiconductor wafers and generally lower prices year over year had a dampening effect on sales in the reporting quarter, while changes in exchange rates had a positive effect. Compared with Q4 2015 (€215.3 million), sales climbed by 2 percent.

Siltronic's plant-utilization rate averaged nearly 90 percent in the reporting quarter.

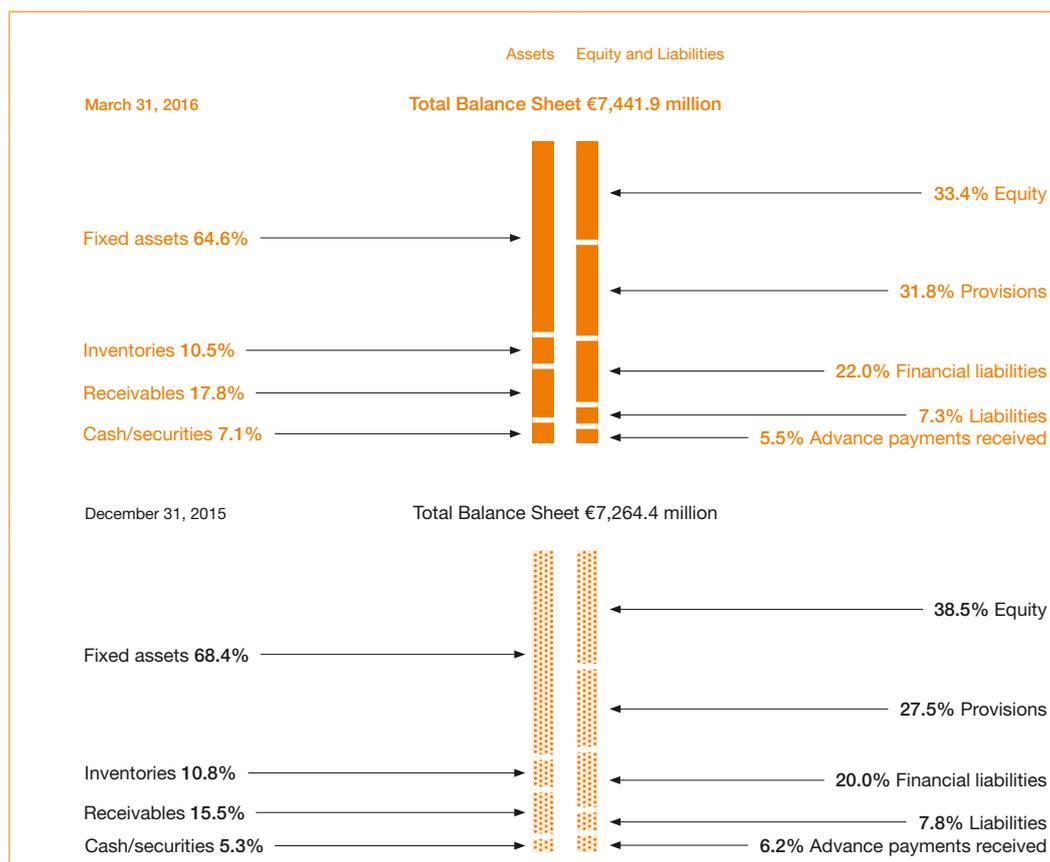
At €23.6 million, EBITDA at Siltronic was 41 percent lower than a year ago (€40.0 million). This decline was mainly due to lower sales and higher currency-hedging costs. EBITDA increased by 2 percent relative to Q4 2015 (€23.2 million). The EBITDA margin in Q1 2016 was 10.7 percent, after 10.8 percent in the preceding quarter and 16.8 percent a year ago.

From January through March 2016, Siltronic's capital expenditures totaled €20.5 million compared with €4.4 million a year earlier. Spending focused on enhancing technology and modernizing crystal-pulling facilities.

Net Assets and Financial Position

March 31, 2016

Asset and Capital Structure



Group's Total Balance Sheet Grows by 2 Percent

The WACKER Group's balance sheet totaled €7.44 billion as of March 31, 2016, after €7.26 billion as of December 31, 2015. The main changes were increases in trade receivables, liquid assets, pension provisions and financial liabilities.

Fixed Assets Lower Amid Exchange-Rate Effects and Depreciation

Fixed assets came in lower than at the end of last year due to depreciation, declining to €4.81 billion (Dec. 31, 2015: €4.97 billion). Depreciation in the amount of €170.0 million mainly reduced property, plant and equipment. Capital expenditures reached €111.2 million due to ongoing work to complete the site in Charleston, Tennessee (USA), with over 50 percent invested in this project. Changes in exchange rates decreased fixed assets by around €100 million.

Working Capital Rises Due to Higher Receivables and Lower Liabilities

Working Capital

€ million	March 31, 2016	March 31, 2015	Change in %	Dec. 31, 2015	Change in %
Trade receivables	763.8	826.8	-7.6	679.4	12.4
Inventories	785.1	795.3	-1.3	785.2	-
Trade payables	-316.1	-432.5	-26.9	-378.3	-16.4
Working capital	1,232.8	1,189.6	3.6	1,086.3	13.5

Working capital rose compared with the year-end figure, influenced by an operations-related increase in trade receivables. Conversely, trade payables declined substantially following a reduction in investment-related liabilities for the Charleston site.

Ongoing deliveries to polysilicon customers reduced advance payments received, which declined from €453.3 million as of December 31, 2015 to €412.6 million as of the quarterly reporting date.

Liquidity Up 38 Percent

WACKER posted liquid assets (noncurrent and current securities plus cash and cash equivalents) of €526.3 million as of March 31, 2016, after €381.4 million on December 31, 2015. They included securities in the amount of €93.8 million (Dec. 31, 2015: €70.9 million). The increase was mainly due to the disbursement of new long-term loans.

Substantial Increase in Pension Provisions Due to Lower Discount Rates

Provisions for pensions grew from €1.61 billion to €1.98 billion, a rise of 23 percent. This increase was attributable to the lower discount rates used for defined benefit plans. The discount rate was 2.15 percent in Germany (Dec. 31, 2015: 2.75 percent) and 3.8 percent in the USA (Dec. 31, 2015: 4.2 percent).

Equity Ratio of 33.4 Percent

Compared with year-end 2015, Group equity decreased by 11 percent to €2.49 billion (Dec. 31, 2015: €2.79 billion). Changes in pension provisions recognized in other comprehensive income were the main reason for this decrease of €279.2 million. Exchange-rate effects – attributable to the rise in value of the euro against the us dollar and other currencies – decreased equity by €55.6 million.

Net Cash Flow Affected by Lower Investment Liabilities

Net Cash Flow

€ million	Q1 2016	Q1 2015	Change in %
Cash flow from operating activities (gross cash flow)	135.7	163.0	-16.7
Changes in advance payments received	40.9	42.9	-4.7
Cash flow from long-term investing activities before securities	-188.6	-188.5	0.1
Additions from finance leases	-	-	n.a.
Net cash flow	-12.0	17.4	n.a.

Gross Cash Flow

Cash flow from operations (gross cash flow) totaled €135.7 million in Q1 2016, after €163.0 million a year ago. This decrease of 17 percent was essentially due to the fact that net income for the quarter was lower at €16.1 million compared with €70.6 million last year. Payments from working capital declined to €77.2 million, from €101.7 million a year earlier.

Cash Flow from Investing Activities

As expected, cash flow from investing activities remained constant – despite lower capital expenditures in the first quarter of 2016 – amounting to €188.6 million after €188.5 million a year ago. This was due not only to current investments, but also to deferred payments in connection with investment liabilities at the Charleston site.

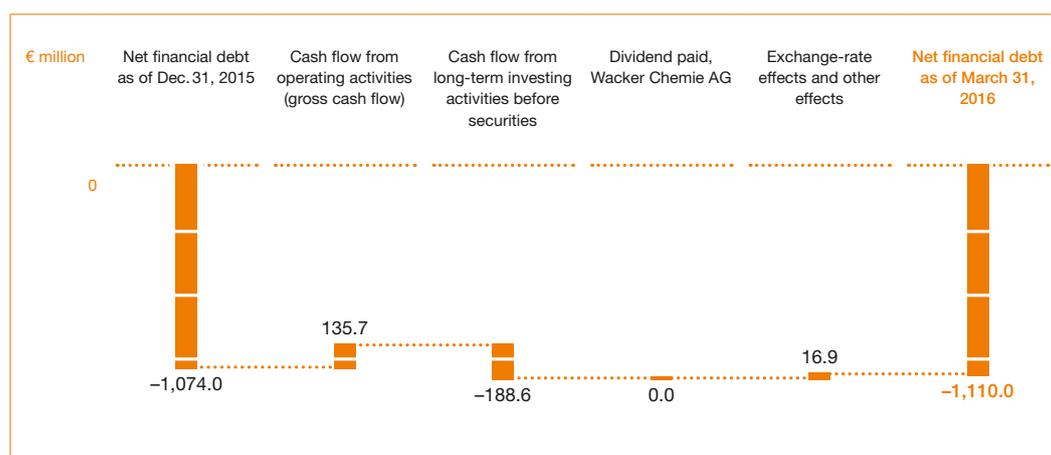
Net Cash Flow

Net cash flow in the quarter amounted to €-12.0 million compared with €17.4 million last year.

Cash Flow from Financing Activities

Cash flow from financing activities was €198.7 million in Q1 2016 after €-114.1 million a year earlier. It mainly comprised the cash inflow from new bilateral loans totaling us\$250 million. A year ago, WACKER had repaid liabilities to banks.

Net Financial Debt



Financial Liabilities Rise by 12 Percent Due to New Loans

As of the quarterly reporting date, noncurrent and current financial liabilities rose from €1.46 billion to €1.64 billion. In March 2016, WACKER took out new bilateral loans totaling US\$250 million, taking advantage of low interest rates to refinance financial liabilities recognized as current. Exchange-rate effects led to a decline in financial liabilities.

The cash inflow from the new loans led to higher liquidity of €526.3 million on the reporting date (Dec. 31, 2015: €381.4 million).

Net Financial Debt Rises Slightly by 3 Percent

Net financial debt – the balance of noncurrent and current financial liabilities and liquid assets – increased slightly, up from €1,074.0 million to €1,110.0 million. The rise was due to the slightly negative net cash flow.

Opportunities and Risks

Assessments of Opportunities and Risks Remain Unchanged

We explained in detail the opportunities and key risks facing WACKER and its divisions in 2016 on [pages 138 to 160 of our 2015 Annual Report](#). The statements and assessments we made there did not change in the reporting period.

Outlook Update

Adjusted EBITDA to Grow by 5–10 Percent in 2016

We described in detail our projections for the Group's performance this year in the [Outlook section on pages 163 to 174 of our 2015 Annual Report](#). The assessments we made have changed as follows.

After adjustment for special income, Group EBITDA for full-year 2016 should now grow by between 5 and 10 percent year over year (previously: slight increase when adjusted for special income). The company has raised its forecast due to the chemical divisions' strong, profitable start to the year and to the improving polysilicon pricing environment.

Net financial debt is expected to be slightly below the prior-year level of €1,074 million at year-end 2016 (previously: on a par with the prior-year level).

All other forecasts for the Group's key performance indicators made in the 2015 Annual Report remained unchanged in the reporting period.

Group sales are expected to rise by a low single-digit percentage.

WACKER's EBITDA margin will be somewhat lower in 2016 than last year, since we do not expect any major special income from damages received or from the restructuring of contractual and delivery relationships with solar customers. Other factors dampening our EBITDA margin are costs for the production start-up at our new polysilicon site in Charleston (TN) and lower prices for certain products in some segments.

In 2016, we expect net cash flow to be clearly positive amid markedly lower capital expenditures of some €425 million, after €834 million last year.

Outlook for 2016

	Reported for 2015	Outlook for 2016
Key Financial Performance Indicators		
EBITDA margin (%)	19.8	Somewhat lower
EBITDA (€ million)	1,048.8	Increase of between 5 and 10 percent when adjusted for special income ¹
ROCE (%)	8.1	Substantially lower
Net cash flow (€ million)	22.5	Markedly more positive
Supplementary Financial Performance Indicators		
Sales (€ million)	5,296.2	Slight increase
Capital expenditures (€ million)	834.0	Around €425 million
Net financial debt (€ million)	1,074.0	Slightly below the prior-year level
Depreciation (€ million)	575.7	Around €720 million

¹ EBITDA exclusive of special income amounted to €911.2 million in 2015.

Consolidated Statement of Income

January 1 through March 31, 2016

Consolidated Statement of Income

€ million	Q1 2016	Q1 2015	Change in %
Sales	1,314.3	1,334.9	-1.5
Cost of goods sold	-1,094.9	-1,043.3	4.9
Gross profit from sales	219.4	291.6	-24.8
Selling expenses	-77.5	-75.0	3.3
Research and development expenses	-45.0	-44.7	0.7
General administrative expenses	-37.6	-34.2	9.9
Other operating income	46.4	112.2	-58.6
Other operating expenses	-49.3	-122.8	-59.9
Operating result	56.4	127.1	-55.6
Result from investments in joint ventures and associates	2.5	-0.8	n.a.
EBIT (earnings before interest and taxes)	58.9	126.3	-53.4
Interest income	1.6	1.8	-11.1
Interest expenses	-14.1	-6.9	>100
Other financial result	-16.0	-1.9	>100
Financial result	-28.5	-7.0	>100
Income before income taxes	30.4	119.3	-74.5
Income taxes	-14.3	-48.7	-70.6
Net income for the period	16.1	70.6	-77.2
Of which			
Attributable to Wacker Chemie AG shareholders	20.2	70.4	-71.3
Attributable to non-controlling interests	-4.1	0.2	n.a.
Earnings per share in € (basic/diluted)	0.41	1.42	-71.3
Average number of shares outstanding (weighted)	49,677,983	49,677,983	-

Consolidated Statement of Financial Position

As of March 31, 2016

Assets

€ million	March 31, 2016	March 31, 2015	Change in %	Dec. 31, 2015	Change in %
Intangible assets	38.0	33.8	12.4	32.1	18.4
Property, plant and equipment	4,636.0	4,642.0	-0.1	4,799.1	-3.4
Investment property	1.5	1.5	-	1.5	-
Investments in joint ventures and associates accounted for using the equity method	20.6	22.4	-8.0	21.2	-2.8
Securities	45.0	8.4	>100	3.7	>100
Other financial assets	110.3	118.1	-6.6	111.4	-1.0
Other receivables and other assets	4.2	10.1	-58.4	4.3	-2.3
Income tax receivables	2.6	5.1	-49.0	0.1	>100
Deferred tax assets	403.5	439.1	-8.1	321.4	25.5
Noncurrent assets	5,261.7	5,280.5	-0.4	5,294.8	-0.6
Inventories	785.1	795.3	-1.3	785.2	-
Trade receivables	763.8	826.8	-7.6	679.4	12.4
Other financial assets	48.8	72.7	-32.9	49.9	-2.2
Other receivables and other assets	77.8	64.5	20.6	58.4	33.2
Income tax receivables	23.4	13.7	70.8	19.0	23.2
Securities and fixed-term deposits held to maturity	48.8	125.8	-61.2	67.2	-27.4
Cash and cash equivalents	432.5	251.4	72.0	310.5	39.3
Current assets	2,180.2	2,150.2	1.4	1,969.6	10.7
Total assets	7,441.9	7,430.7	0.2	7,264.4	2.4

Equity and Liabilities

€ million	March 31, 2016	March 31, 2015	Change in %	Dec. 31, 2015	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	2,429.1	2,223.3	9.3	2,408.9	0.8
Other equity items	–507.7	–807.1	–37.1	–213.8	>100
Equity attributable to Wacker Chemie AG shareholders	2,294.5	1,789.3	28.2	2,568.2	–10.7
Non-controlling interests	193.2	27.7	>100	226.9	–14.9
Equity	2,487.7	1,817.0	36.9	2,795.1	–11.0
Provisions for pensions	1,979.7	2,218.1	–10.7	1,611.7	22.8
Other provisions	227.2	194.1	17.1	217.0	4.7
Income tax provisions	55.2	45.9	20.3	52.8	4.5
Financial liabilities	1,115.2	1,357.4	–17.8	1,136.7	–1.9
Other financial liabilities	3.8	9.8	–61.2	2.6	46.2
Other liabilities	254.9	496.3	–48.6	287.5	–11.3
Deferred tax liabilities	3.4	4.0	–15.0	3.4	–
Noncurrent liabilities	3,639.4	4,325.6	–15.9	3,311.7	9.9
Other provisions	84.1	109.7	–23.3	88.2	–4.6
Income tax provisions	24.0	76.5	–68.6	27.0	–11.1
Financial liabilities	521.1	226.3	>100	318.7	63.5
Trade payables	316.1	432.5	–26.9	378.3	–16.4
Other financial liabilities	28.9	133.0	–78.3	47.5	–39.2
Income tax liabilities	0.3	0.3	–	0.3	–
Other liabilities	340.3	309.8	9.8	297.6	14.3
Current liabilities	1,314.8	1,288.1	2.1	1,157.6	13.6
Liabilities	4,954.2	5,613.7	–11.7	4,469.3	10.8
Total equity and liabilities	7,441.9	7,430.7	0.2	7,264.4	2.4

Consolidated Statement of Cash Flows

January 1 through March 31, 2016

Consolidated Statement of Cash Flows

€ million	Q1 2016	Q1 2015	Change in %
Net income for the period	16.1	70.6	-77.2
Depreciation/appreciation of fixed assets	170.0	140.8	20.7
Result from disposal of fixed assets	-1.0	-0.2	>100
Other non-cash expenses and income	35.4	-53.7	n.a.
Result from equity accounting	-2.5	0.8	n.a.
Net interest result	12.5	5.1	>100
Interest paid	-11.2	-5.5	>100
Interest received	0.6	1.9	-68.4
Income tax expense	14.3	48.7	-70.6
Taxes paid	-25.7	-29.0	-11.4
Dividends received	2.8	-	n.a.
Changes in inventories	-6.7	-36.1	-81.4
Changes in trade receivables	-93.3	-115.6	-19.3
Changes in non-financial assets	-20.0	0.7	n.a.
Changes in financial assets	4.9	38.1	-87.1
Changes in provisions	19.5	31.7	-38.5
Changes in non-financial liabilities	51.6	40.3	28.0
Changes in financial liabilities	9.3	67.3	-86.2
Changes in advance payments received	-40.9	-42.9	-4.7
Cash flow from operating activities (gross cash flow)	135.7	163.0	-16.7
Cash receipts and payments for investments	-190.4	-189.7	0.4
Proceeds from the disposal of fixed assets	1.8	1.2	50.0
Cash flow from long-term investing activities before securities	-188.6	-188.5	0.1
Cash receipts and payments for the acquisition/ disposal of securities and fixed-term deposits	-23.6	59.5	n.a.
Cash flow from investing activities	-212.2	-129.0	64.5
Changes in financial liabilities	198.7	-114.1	n.a.
Cash flow from financing activities	198.7	-114.1	n.a.
Changes due to exchange-rate fluctuations	-0.2	5.6	n.a.
Changes in cash and cash equivalents	122.0	-74.5	n.a.
At the beginning of the period	310.5	325.9	-4.7
At the end of the period	432.5	251.4	72.0
Additional information			
Additions from finance leases	-	-	-
Net cash flow	-12.0	17.4	n.a.

Financial Calendar 2016



Annual Shareholders'
Meeting, Munich



Interim Report on
the 2nd Quarter



Capital Market Day
2016



Interim Report on
the 3rd Quarter

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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.

The figures in this interim report have been calculated in accordance with the provisions of International Accounting Standard (IAS) 34 and presented in condensed form on the basis of the International Financial Reporting Standards (IFRS) – as issued by the International Accounting Standards Board, London, endorsed by the European Union and applicable on the closing date – and on the basis of the interpretations of the IFRS Interpretations Committee.
