WACKER

Interim Report

January through June 2017

Published on July 28, 2017

Q2

Interim Group Management Report — As of June 30, 2017

Group Q2 2017 sales reach €1.22 billion, up around 2 percent versus a year ago and on a par with preceding quarter

Total chemical sales climb year over year and quarter over quarter amid good customer demand, with polysilicon sales down due to price effects

EBITDA of €253 million is 11 percent higher than a quarter ago, but 4 percent below last year due to higher raw-material prices

Net income for Q2 2017 amounts to €61 million

Net cash flow clearly positive at €94 million

WACKER SILICONES raises earnings forecast, with other divisions reconfirming expectations

Group earnings forecast revised upward: full-year EBITDA anticipated at between €900 million and €935 million, with sales increasing by a mid-single-digit percentage

Cover — Silicone engine mounts suppress unpleasant vibrations.

WACKER — At a Glance

€ million	Q2 2017	Q2 2016[6]	Change in %	6M 2017	6M 2016[6]	Change in %
Results / Return / Cash Flow						
Sales	1,218.3	1,199.2	1.6	2,437.1	2,332.3	4.5
EBITDA[1]	253.4	265.0	–4.4	482.7	470.3	2.6
EBITDA margin[2] (%)	20.8	22.1	–	19.8	20.2	–
EBIT[3]	101.9	104.5	–2.5	175.1	168.6	3.9
EBIT margin[2] (%)	8.4	8.7	–	7.2	7.2	–
Financial result	–26.1	–22.1	18.1	–49.7	–46.8	6.2
Income from continuing operations before income taxes	75.8	82.4	–8.0	125.4	121.8	3.0
Income from continuing operations	60.5	57.6	5.0	91.7	84.8	8.1
Income from discontinued operations	–	1.3	n.a.	634.7	–9.8	n.a.
Net income for the period	60.5	58.9	2.7	726.4	75.0	>100
Earnings per share from continuing operations (basic / diluted) (€)	1.17	1.13	3.7	1.76	1.65	6.8
Earnings per share (basic / diluted) (€)	1.17	1.15	1.6	14.36	1.56	>100
Capital expenditures	74.8	65.4	14.4	121.5	156.1	–22.2
Depreciation / amortization	151.5	160.5	–5.6	307.6	301.7	2.0
Net cash flow[4] from continuing operations	93.9	120.8	–22.3	147.1	110.5	33.1

	June 30, 2017	June 30, 2016	Dec. 31, 2016
Financial Position			
Total assets	7,096.2	7,497.2	7,461.6
Equity	3,136.3	2,138.7	2,593.2
Equity ratio (%)	44.2	28.5	34.8
Financial liabilities	1,361.9	1,668.8	1,458.2
Net financial debt[5]	671.4	1,153.9	992.5
Employees (number at end of period)	13,689	17,081	17,205

[1] EBITDA is EBIT before depreciation and amortization.
[2] Margins are calculated based on sales.
[3] EBIT is the result from continuing operations for the period before interest result and other financial result, and income taxes.
[4] Sum of cash flow from operating activities (excluding changes in advance payments) and cash flow from long-term investing activities (before securities), including additions due to finance leases.
[5] Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.
[6] Adjusted in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations).

Dear Shareholders,

After the first six months of the year, the WACKER Group remains firmly on track to achieve its full-year targets. In Q2 2017, we increased sales year over year and lifted EBITDA quarter over quarter.

WACKER's chemical business expanded noticeably in the reporting quarter. Our chemical divisions increased their combined sales versus both a year ago and Q1 2017. Customer demand remains high, especially for silicones, but also for polymer products. On the other hand, our earnings are restrained by raw-material prices, which are substantially higher. They increased yet again versus the first three months of the year.

In addition to continuous cost-cutting through productivity gains, two other key levers that give us a competitive edge are customer proximity and innovative strength. Against this background, we opened a new research and development center in Ann Arbor, Michigan (USA) in mid-June, where highly specialized silicone and polymer experts develop new products for the North American market. With this step, we are enhancing not only our presence in the world's second-largest chemical market, but also our global R&D network.

Another recent example of our innovative strength is the partnership we concluded in the reporting quarter with Royal Tech, a Chinese specialist for solar thermal systems. We supply Royal Tech with a newly developed silicone fluid, which it uses as a heat-transfer medium in its solar power plants. This special fluid allows for markedly higher operating temperatures and efficiency levels than would be possible with conventional heat-transfer fluids.

Market conditions remain challenging for our polysilicon business, which posted lower April-through-June sales versus last year and a quarter ago due to declining average prices. EBITDA remained stable quarter over quarter. We made further progress in reducing our costs and are decisively continuing our work on productivity-enhancing measures and technical improvements.

The focus of our investing activities remains on increasing our downstream production capacities in our chemical business, which accounts for three-quarters of Group sales. In doing so, we are laying the foundation for your company's profitable growth in the years ahead.

Munich, July 28, 2017
Wacker Chemie AG's Executive Board

WACKER Stock

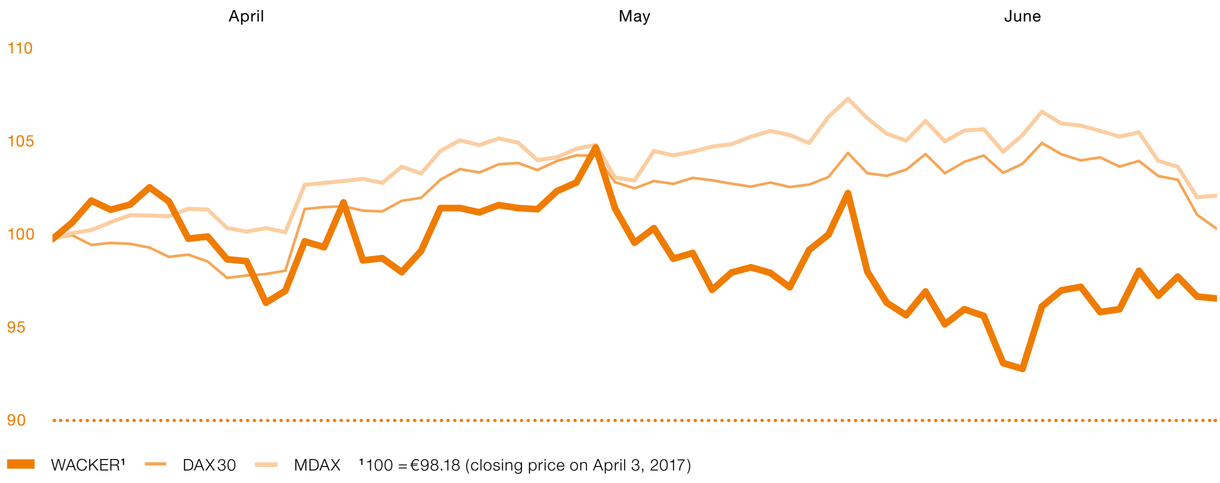
Although global stock markets continued to perform positively in Q2 2017, they were relatively volatile. Political events, such as the French presidential election result, buoyed market participants' optimism. On the other hand, the latest interest-rate rise of mid-June in the USA, the US administration's efforts to establish trade barriers, and speculation about an imminent end to the eurozone's accommodative monetary policy intensified investors' concerns that equity markets could face a correction despite the economy's continued strength. As a result, the major stock indices lost a large part of earlier gains near the end of the quarter.

After a rather subdued Q2 start, Germany's benchmark indices picked up noticeably until early June. In the following weeks, mounting uncertainty increasingly clouded markets. While the MDAX added over 2 percent on balance in the reporting quarter, the DAX closed only marginally above its level at the beginning of April.

WACKER stock started Q2 2017 at €98.18. Amid occasional pullbacks, it initially posted substantial gains until mid-May. After reaching a high of €103.00 on May 16, it came under increasing pressure in the weeks that followed. Contributing factors here were market participants' fears that rising raw-material prices for chemicals and declining polysilicon market prices could impair WACKER's earnings prospects. The share price gradually declined, reaching its reporting-quarter low of €91.34 on June 16. By the end of June, WACKER stock had recovered somewhat and finished trading on June 30 at €95.05. That was around 3 percent lower than at the start of the quarter and corresponded to a market capitalization of €4.72 billion.

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

WACKER Share Performance in Q2 2017 (indexed to 100)[1]



[1] 100 = €98.18 (closing price on April 3, 2017)

Interim Group Management Report

Overall Economic Situation, Economic Outlook and State of the Industry

Global Economic Growth Accelerating – Downside Risks Remain

World economic growth will continue to gain momentum this year according to consensus estimates by economists. At the same time, downside growth risks remain that should not be underestimated. For the IMF (International Monetary Fund) and OECD (Organisation for Economic Co-operation and Development), the global upswing is broad-based, though with noticeable divergencies at the country level. The IMF's growth projections for the USA are now somewhat lower than in April, while GDP has been revised up for Japan and especially the eurozone. The growth rate in developing and emerging economies in 2017 is again expected to be substantially higher than in advanced economies, although the differences between individual economies remain considerable. According to the IMF, the main medium-term risks to the global economy stem from political uncertainty, such as the USA's budgetary and fiscal policies, and from the trend seen in many countries toward protectionism and trade barriers.

In its July 2017 forecast, the IMF reconfirmed its April estimate and projects that global GDP will grow by 3.5 percent this year. Gross domestic product in advanced economies is expected to grow by 2.0 percent in full-year 2017, a year-over-year increase of 0.3 percentage points. In developing and emerging economies, the IMF also expects overall growth to pick up somewhat, anticipating an increase of 4.6 percent for the current year.[1] In its most recent study of June 2017, the OECD shares the view that global GDP will expand this year by 3.5 percent.[2] Guided by the latest economic forecasts, WACKER expects global economic growth in 2017 to be somewhat higher than last year's level.

Gross Domestic Product[1]

%	Growth in 2016	Growth outlook for 2017
World	3.2	3.5
Advanced economies	1.7	2.0
Developing and emerging economies	4.3	4.6
Eurozone	1.8	1.9
Germany	1.8	1.8
Asia	6.4	6.5
China	6.7	6.7
India	7.1	7.2
USA	1.6	2.1

Chemical Production Expands Noticeably

In Europe, the chemical sector remains on course for growth. According to the European Chemical Industry Council (Cefic), full-year production output will increase by about 1.5 percent, noticeably more than last year.[3] The German Chemical Industry Association (VCI) anticipates a noticeable increase in German chemical production for the current year, with output up an estimated 1.5 percent over last year. As producer prices for chemical products are anticipated to increase by 3.5 percent, the VCI expects the chemical industry's full-year sales to grow by 5 percent to €194 billion.[4]

The solar industry anticipates further growth this year. The percentage increase, though, is likely to be substantially below last year's very high level. In their Medium Scenario for 2017, market experts at industry association SolarPower Europe expect new photovoltaic capacity to grow by 80.5 gigawatts. Compared with last year, this would be an increase of 5 percent.[5] WACKER's own market surveys indicate that new photovoltaic capacity worldwide will amount to between 75 and 85 gigawatts this year.

Selected Key Indicators by Industry

%	Growth in 2016	Growth outlook for 2017
Chemical industry		
Production output, Europe[3]	0.5	1.5
Production output, Germany[4]	0.7	1.0
Photovoltaic industry		
New photovoltaic capacity, worldwide[5]	50.0	5.0

[1] International Monetary Fund, World Economic Outlook Update: A Firming Recovery, Washington, July 24, 2017
[2] Organisation for Economic Co-operation and Development (OECD), OECD Economic Outlook, Volume 2017 Issue 1, Paris, June 7, 2017
[3] European Chemical Industry Council (Cefic), Chemicals Production Outlook Note, Brussels, June 14, 2017
[4] VCI (German Chemical Industry Association), Half-year press conference 2017 of the chemical-pharmaceutical industry, Frankfurt am Main, July 20, 2017
[5] SolarPower Europe, Global Market Outlook For Solar Power 2017–2021, Brussels, May 30, 2017

Group Performance and Earnings

January 1 to June 30, 2017

Sales

€ million	Q2 2017	Q2 2016[1]	Change in %	6M 2017	6M 2016[1]	Change in %
WACKER SILICONES	**548.7**	514.4	6.7	**1,104.3**	1,005.7	9.8
WACKER POLYMERS	**335.3**	325.7	2.9	**642.1**	611.6	5.0
WACKER BIOSOLUTIONS	**51.4**	53.2	–3.4	**102.8**	102.8	–
WACKER POLYSILICON	**246.7**	272.2	–9.4	**514.8**	545.3	–5.6
Corporate functions / Other	**40.0**	40.3	–0.7	**81.8**	81.0	1.0
Consolidation	**–3.8**	–6.6	–42.4	**–8.7**	–14.1	–38.3
Group sales	1,218.3	1,199.2	1.6	2,437.1	2,332.3	4.5

EBITDA

€ million	Q2 2017	Q2 2016[1]	Change in %	6M 2017	6M 2016[1]	Change in %
WACKER SILICONES	**110.8**	93.7	18.2	**218.2**	181.6	20.2
WACKER POLYMERS	**62.4**	78.2	–20.2	**114.7**	142.6	–19.6
WACKER BIOSOLUTIONS	**9.1**	9.0	1.1	**19.7**	18.6	5.9
WACKER POLYSILICON	**71.3**	77.7	–8.2	**141.8**	117.1	21.1
Corporate functions / Other	**–0.8**	6.4	n.a.	**–13.5**	10.5	n.a.
Consolidation	**0.6**	–	n.a.	**1.8**	–0.1	n.a.
Group EBITDA	253.4	265.0	–4.4	482.7	470.3	2.6

EBIT

€ million	Q2 2017	Q2 2016[1]	Change in %	6M 2017	6M 2016[1]	Change in %
WACKER SILICONES	**89.8**	74.0	21.4	**176.5**	142.0	24.3
WACKER POLYMERS	**53.0**	68.6	–22.7	**95.7**	123.2	–22.3
WACKER BIOSOLUTIONS	**6.3**	6.2	1.6	**14.0**	13.0	7.7
WACKER POLYSILICON	**–26.8**	–29.4	–8.8	**–58.5**	–77.7	–24.7
Corporate functions / Other	**–21.0**	–14.9	40.9	**–54.4**	–31.9	70.5
Consolidation	**0.6**	–	n.a.	**1.8**	–	n.a.
Group EBIT	101.9	104.5	–2.5	175.1	168.6	3.9

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

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

As stipulated by IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), WACKER is retrospectively reporting the net income of Siltronic AG and its subsidiaries for 2016 as "Income from discontinued operations." The gain associated with the loss of control of Siltronic is calculated as the sum of the cash inflow from the bookbuilding offering and remeasurement of the remaining shares (at the transaction price) – less net assets of Siltronic attributable to WACKER and transaction costs. Both this gain and Siltronic's net income for the period are included in the "Income from discontinued operations" line item.

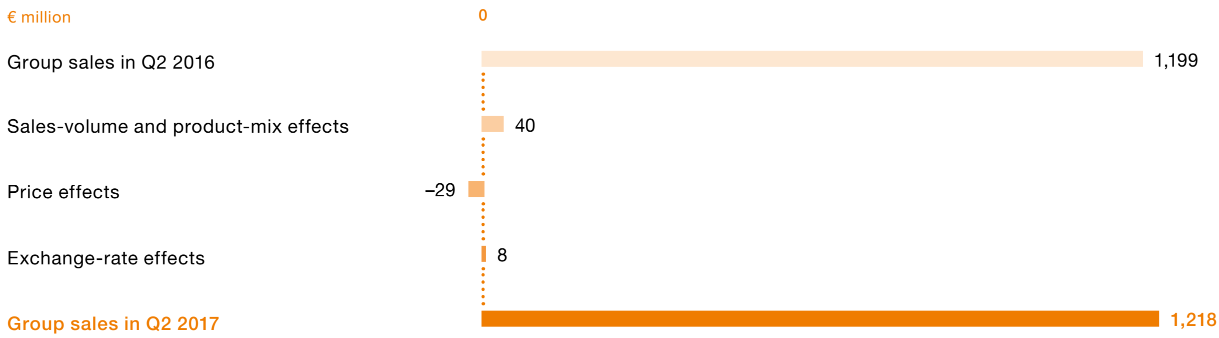
The loss of control over Siltronic means that its assets and liabilities are no longer recognized within the Group. The deconsolidation of Siltronic caused the Group's total balance sheet to contract only marginally because the cash inflow from the two transactions and remeasurement of the remaining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

Since March 15, 2017, Siltronic has been accounted for using the equity method and the Siltronic Group's pro rata net income for the period has been included in the result from investments in joint ventures and associates. The figures listed in the statement of income as continuing operations for this and last year's Q2 and first-half are comparable.

Group Sales 2 Percent Higher than a Year Ago and on a Par with the Preceding Quarter

In Q2 2017, WACKER lifted its sales slightly year over year. Sales reached €1,218.3 million in the reporting quarter, after €1,199.2 million a year ago. That was a gain of 2 percent and matched the preceding quarter's level (€1,218.8 million). One of the main reasons for the increase versus Q2 2016 was the fact that, on balance, volumes for silicones and polymer products were noticeably higher year over year. Positive exchange-rate effects also supported the sales trend. As a result, WACKER could more than compensate for prices, which were somewhat lower overall than a year ago. At €2,437.1 million, the Group's sales for the first half of 2017 were around 5 percent higher than last year (€2,332.3 million).

Year-over-Year Sales Comparison



Sales Grow Slightly in Every Region

In Q2 2017, Group sales edged up in every region. The biggest increase was in the Americas, where sales rose by around 4 percent. Sales in Europe and Asia were both about 1 percent above Q2 2016. Compared with Q1 2017, sales in Europe grew by some 2 percent. In the Americas and Asia, on the other hand, quarter-over-quarter sales declined by around 3 percent and by 1 percent, respectively, amid price and currency effects.

In the first half of 2017, every region posted continued sales growth. The strongest increase was in the Americas at 6 percent. Europe and Asia each added about 4 percent.

Group Sales by Region

€ million	Q2 2017	Q2 2016[1]	Change in %	6M 2017	6M 2016[1]	Change in %	% of Group sales
Europe	506.0	499.0	1.4	1,003.2	961.0	4.4	41
The Americas	214.2	207.0	3.5	434.0	410.9	5.6	18
Asia	440.3	436.5	0.9	884.9	854.6	3.5	36
Other regions	57.8	56.7	1.9	115.0	105.8	8.7	5
Total sales	1,218.3	1,199.2	1.6	2,437.1	2,332.3	4.5	100

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

EBITDA at €253 Million, with EBITDA Margin at 20.8 Percent

WACKER generated EBITDA of €253.4 million in Q2 2017. That was about 4 percent less than last year (€265.0 million), but almost 11 percent more than a quarter ago (€229.3 million). One of the main reasons for the year-over-year decline was the fact that raw-material prices were higher. On the other hand, high plant utilization rates strengthened EBITDA in the reporting quarter. The Group's EBITDA margin for Q2 2017 was 20.8 percent, after 22.1 percent the year before. A quarter ago, it reached 18.8 percent.

The cost-of-sales ratio in the reporting quarter was 80 percent, down 1 percent from Q2 2016. Functional costs (R&D, selling and administrative expenses) rose 16 percent in the reporting quarter, from €128.4 million a year ago to €149.0 million.

In the first half of 2017, the Group's EBITDA totaled €482.7 million, up 3 percent versus a year ago (€470.3 million). The EBITDA margin for the first half of 2017 was 19.8 percent, after 20.2 percent a year earlier.

EBIT Just under Prior-Year Figure, But Substantially Higher than a Quarter Ago

Reconciliation of EBITDA to EBIT

€ million	Q2 2017	Q2 2016[1]	Change in %	6M 2017	6M 2016[1]	Change in %
EBITDA	253.4	265.0	–4.4	482.7	470.3	2.6
Depreciation/appreciation of fixed assets	–151.5	–160.5	–5.6	–307.6	–301.7	2.0
EBIT	101.9	104.5	–2.5	175.1	168.6	3.9

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

Group earnings before interest and taxes (EBIT) amounted to €101.9 million in Q2 2017, compared with €104.5 million a year ago. That was a decline of almost 3 percent and yielded an EBIT margin of 8.4 percent, after 8.7 percent a year earlier. Compared with Q1 2017 (€73.2 million), EBIT grew by 39 percent.

Depreciation amounted to €151.5 million in the reporting quarter, down by about 6 percent over a year earlier (€160.5 million).

In the first half of 2017, Group EBIT came in at €175.1 million, compared with €168.6 million last year. That was 4 percent more than the year-earlier figure.

Reconciliation of EBIT to Net Income for the Period

€ million	Q2 2017	Q2 2016[1]	Change in %	6M 2017	6M 2016[1]	Change in %
EBIT	101.9	104.5	–2.5	175.1	168.6	3.9
Financial result	–26.1	–22.1	18.1	–49.7	–46.8	6.2
Income from continuing operations before income taxes	75.8	82.4	–8.0	125.4	121.8	3.0
Income taxes	–15.3	–24.8	–38.3	–33.7	–37.0	–8.9
Income from continuing operations after income taxes	60.5	57.6	5.0	91.7	84.8	8.1
Income from discontinued operations after income taxes	–	1.3	–100.0	634.7	–9.8	n.a.
Net income for the period	60.5	58.9	2.7	726.4	75.0	>100
Of which						
Attributable to Wacker Chemie AG shareholders	58.2	57.3	1.6	713.5	77.5	>100
Attributable to non-controlling interests	2.3	1.6	43.8	12.9	–2.5	n.a.
Earnings per share in € (basic/diluted)	1.17	1.15	1.6	14.36	1.56	>100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–

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

Result from Investments

In the reporting quarter, the Group's result from investments amounted to €6.8 million, after €1.1 million a year earlier. This increase was attributable to the Group's pro rata share in the net income of Siltronic AG. The latter has been accounted for using the equity method since March. Alongside this net income, depreciation of the revalued assets of Siltronic AG resulting from the purchase price allocation was recognized. From January through June 2017, the result from investments totaled €6.9 million, compared with €3.6 million in the same period last year.

Financial and Net Interest Result

In Q2 2017, WACKER's financial result amounted to €–26.1 million, after €–22.1 million a year earlier. Interest expense edged down, from €10.5 million a year ago to €9.8 million. Interest income was almost constant at €1.7 million relative to last year (€1.3 million). In the first half of 2017, WACKER posted a financial result of €–49.7 million, after €–46.8 million the year before. While interest income was €3.3 million versus €2.5 million last year, interest expenses amounted to €20.1 million after €20.8 million last year.

The other financial result amounted to €–18.0 million in the reporting quarter, compared with €–12.9 million a year ago. This increase was attributable to losses from derivative financial instruments used to hedge Group financing. Other key causes of the increase included interest-bearing components of pension provisions and other noncurrent provisions, as well as exchange-rate effects from the conversion of financial assets. In the first six months of the year, the other financial result totaled €–32.9 million, compared with last year's €–28.5 million.

Income Taxes

The effective tax rate for the first half of the year was 26.9 percent, after 30.4 percent a year ago.

Net Income for the Period

Second-quarter net income amounted to €60.5 million, compared with €58.9 million a year ago. For January through June 2017, net income totaled €726.4 million, versus €75.0 million in the same period last year. It included income from discontinued operations in the amount of €634.7 million from Q1 2017. Siltronic posted net income of €17.7 million in Q1 2017, after €–9.8 million a year earlier, while the deconsolidation of Siltronic as a segment of the WACKER Group resulted in a gain of €617.0 million.

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

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

Earnings per Share

Earnings per share came in at €1.17 in Q2 2017, after €1.15 a year earlier. In the first half of 2017, earnings per share totaled €14.36, compared with €1.56 a year ago. This was due to the sale and subsequent loss of control of Siltronic. Earnings per share from continuing operations amounted to €1.76 in the first half-year versus €1.65 a year earlier.

Division Performance

WACKER SILICONES

€ million	Q2 2017	Q2 2016	Change in %	6M 2017	6M 2016	Change in %
External sales	548.7	514.2	6.7	1,104.2	1,005.4	9.8
Internal sales	–	0.2	–100.0	0.1	0.3	–66.7
Total sales	548.7	514.4	6.7	1,104.3	1,005.7	9.8
EBIT	89.8	74.0	21.4	176.5	142.0	24.3
EBIT margin (%)	16.4	14.4	–	16.0	14.1	–
Depreciation	21.0	19.7	6.6	41.7	39.6	5.3
EBITDA	110.8	93.7	18.2	218.2	181.6	20.2
EBITDA margin (%)	20.2	18.2	–	19.8	18.1	–
Capital expenditures	40.5	16.5	>100	56.9	27.3	>100
R&D expenses	15.2	17.1	–11.1	30.1	25.8	16.7
As of	June 30, 2017	March 31, 2017		June 30, 2017	Dec. 31, 2016	
Number of employees	4,713	4,657	1.2	4,713	4,566	3.2

WACKER SILICONES generated total sales of €548.7 million in Q2 2017, some 7 percent more than last year (€514.4 million). Volume growth was the main reason for this increase. Exchange-rate effects had only a minor impact on sales. On balance, prices were largely unchanged versus Q2 2016. Compared with a quarter ago (€555.6 million), the division's sales were down about 1 percent, mainly because the reporting quarter had fewer working days than Q1 2017. WACKER SILICONES' first-half sales totaled €1,104.3 million, after €1,005.7 million a year earlier. That was a gain of around 10 percent.

On balance, volumes at all of WACKER SILICONES' business units were higher in the reporting quarter. Business was especially strong, for example, for silicones used in construction applications, in the electronics and automotive industries and in wound care.

EBITDA at WACKER SILICONES reached €110.8 million in the reporting quarter, more than 18 percent higher than a year ago (€93.7 million). In addition to sales growth, product-mix effects and high production output supported profitability. As a result, the division more than compensated for higher raw-material prices. Production plants operated at their capacity limits during the reporting quarter. Compared with a quarter ago (€107.4 million), WACKER SILICONES' EBITDA was up a good 3 percent. The EBITDA margin improved to 20.2 percent in Q2 2017, after 18.2 percent in Q2

2016 and 19.3 percent in the preceding quarter. From January through June 2017, EBITDA reached €218.2 million, compared with €181.6 million a year earlier, a rise of around 20 percent. The corresponding EBITDA margin for the first half of 2017 was 19.8 percent, after 18.1 percent a year earlier.

WACKER SILICONES' capital expenditures amounted to €40.5 million in Q2 2017, after €16.5 million a year ago. Investment projects included construction of a new pyrogenic silica plant at the Charleston site in the USA, the ongoing expansion of silicon-metal production at the Holla plant in Norway, and new facilities for downstream silicone products in South Korea and Brazil.

WACKER POLYMERS

€ million	Q2 2017	Q2 2016	Change in %	6M 2017	6M 2016	Change in %
External sales	331.5	320.8	3.3	633.5	601.7	5.3
Internal sales	3.8	4.9	–22.4	8.6	9.9	–13.1
Total sales	335.3	325.7	2.9	642.1	611.6	5.0
EBIT	53.0	68.6	–22.7	95.7	123.2	–22.3
EBIT margin (%)	15.8	21.1	–	14.9	20.1	–
Depreciation	9.4	9.6	–2.1	19.0	19.4	–2.1
EBITDA	62.4	78.2	–20.2	114.7	142.6	–19.6
EBITDA margin (%)	18.6	24.0	–	17.9	23.3	–
Capital expenditures	10.0	6.1	63.9	18.1	9.7	86.6
R&D expenses	7.2	10.6	–32.1	15.7	15.0	4.7
As of	June 30, 2017	March 31, 2017		June 30, 2017	Dec. 31, 2016	
Number of employees	1,516	1,498	1.2	1,516	1,484	2.2

In the reporting quarter, sales at WACKER POLYMERS totaled €335.3 million, 3 percent higher than the year-earlier figure (€325.7 million) and more than 9 percent above the preceding quarter (€306.8 million). This growth was primarily driven by volumes, which rose both year over year and quarter over quarter. Exchange-rate effects had only a minor impact on sales. Overall, prices for polymer products were marginally lower year over year, but slightly higher than in the preceding quarter. In the first half of 2017, sales at WACKER POLYMERS reached €642.1 million, compared with €611.6 million in the same period last year, an increase of 5 percent.

Polymer products for the construction sector, for technical textiles and for the carpet industry all performed particularly well in the reporting quarter. WACKER POLYMERS' plant-utilization rate averaged around 90 percent during April through June.

The division's EBITDA amounted to €62.4 million in Q2 2017, after €78.2 million a year ago. This decline of around 20 percent was mainly caused by a substantial year-over-year increase in raw-material prices. The division announced price rises to counter this development. Compared with the preceding quarter (€52.3 million), EBITDA grew by more than 19 percent as a result of higher sales and capacity utilization. The reporting-quarter EBITDA margin was 18.6 percent, after 24.0 percent a year earlier and 17.0 percent a quarter ago. In the first half of 2017, EBITDA at WACKER POLYMERS reached €114.7 million, compared with €142.6 million in the same period last year. That was a decrease of around 20 percent and yielded an EBITDA margin of 17.9 percent, versus 23.3 percent last year.

WACKER POLYMERS invested €10.0 million in the reporting quarter, after €6.1 million a year ago.

WACKER BIOSOLUTIONS

€ million	Q2 2017	Q2 2016	Change in %	6M 2017	6M 2016	Change in %
External sales	51.4	53.2	–3.4	102.8	102.8	–
Internal sales	–	–	–	–	–	–
Total sales	51.4	53.2	–3.4	102.8	102.8	–
EBIT	6.3	6.2	1.6	14.0	13.0	7.7
EBIT margin (%)	12.3	11.7	–	13.6	12.6	–
Depreciation	2.8	2.8	–	5.7	5.6	1.8
EBITDA	9.1	9.0	1.1	19.7	18.6	5.9
EBITDA margin (%)	17.7	16.9	–	19.2	18.1	–
Capital expenditures	2.7	2.4	12.5	4.7	4.1	14.6
R&D expenses	1.6	1.5	6.7	3.1	2.9	6.9

As of	June 30, 2017	March 31, 2017		June 30, 2017	Dec. 31, 2016	
Number of employees	526	520	1.2	526	510	3.1

WACKER BIOSOLUTIONS posted total sales of €51.4 million in Q2 2017, about 3 percent less than the year before (€53.2 million). This decline was chiefly due to the fact that prices in certain product segments were somewhat lower year over year and that volumes fell marginally, on balance. On the other hand, business developed well in the reporting quarter for cyclodextrins and cysteine, for example. Relative to the preceding quarter (€51.4 million), the division's sales were almost unchanged. In the first six months of the year, sales at WACKER BIOSOLUTIONS totaled €102.8 million, thus matching last year's €102.8 million.

WACKER BIOSOLUTIONS' reporting-quarter EBITDA of €9.1 million was 1 percent above the year-earlier figure (€9.0 million) and 14 percent below the preceding quarter (€10.6 million). Product-mix effects and low utilization rates at certain production plants contributed to the quarter-over-quarter decrease. The EBITDA margin came in at 17.7 percent, after 16.9 percent a year ago and 20.6 percent in Q1 2017. In the first half of 2017, EBITDA at WACKER BIOSOLUTIONS reached €19.7 million, compared with €18.6 million in the same period last year. The first-half EBITDA margin was 19.2 percent, after 18.1 percent a year earlier.

WACKER BIOSOLUTIONS invested €2.7 million in the reporting quarter, versus €2.4 million last year.

WACKER POLYSILICON

€ million	Q2 2017	Q2 2016	Change in %	6M 2017	6M 2016	Change in %
External sales	**246.7**	250.8	–1.6	**492.1**	502.4	–2.1
Internal sales	**–**	21.4	–100.0	**22.7**	42.9	–47.1
Total sales	246.7	272.2	–9.4	514.8	545.3	–5.6
EBIT	–26.8	–29.4	–8.8	–58.5	–77.7	–24.7
EBIT margin (%)	**–10.9**	–10.8	–	**–11.4**	–14.2	–
Depreciation	**98.1**	107.1	–8.4	**200.3**	194.8	2.8
EBITDA	71.3	77.7	–8.2	141.8	117.1	21.1
EBITDA margin (%)	**28.9**	28.5	–	**27.5**	21.5	–
Capital expenditures	**9.1**	27.2	–66.5	**22.0**	96.3	–77.2
R&D expenses	**6.4**	4.7	36.2	**13.3**	9.0	47.8

As of	June 30, 2017	March 31, 2017		June 30, 2017	Dec. 31, 2016	
Number of employees	**2,509**	2,518	–0.4	**2,509**	2,490	0.8

WACKER POLYSILICON generated total sales of €246.7 million in the reporting quarter. That was about 9 percent below the year-earlier figure (€272.2 million) and around 8 percent less than a quarter ago (€268.1 million). The decline was mainly due to lower polysilicon prices, both year over year and quarter over quarter. The inventory effects reported in Q1 2017 were still having an influence at the start of the second quarter. Volumes expanded noticeably during the reporting quarter. From January through June 2017, the division's sales amounted to €514.8 million, after €545.3 million last year, a decline of around 6 percent. The elimination of internal sales is due to the deconsolidation of Siltronic.

WACKER POLYSILICON's reporting-quarter EBITDA came in at €71.3 million, compared with €77.7 million last year. That was a decrease of around 8 percent and was on a par with the preceding quarter's level (€70.5 million). From April through June 2017, WACKER POLYSILICON's EBITDA margin amounted to 28.9 percent, after 28.5 percent in Q2 2016 and 26.3 percent in Q1 2017.

Several factors impacted year-over-year EBITDA performance in different ways. Alongside lower polysilicon prices, EBITDA was influenced not only by last year's special income from advance payments retained and damages received from solar-sector customers, but also by cost developments, including the start-up of the Charleston site, and by product-mix effects. Versus the preceding quarter, the division made up for the decline in polysilicon prices by achieving cost reductions with the help of productivity-enhancing measures and technical improvements.

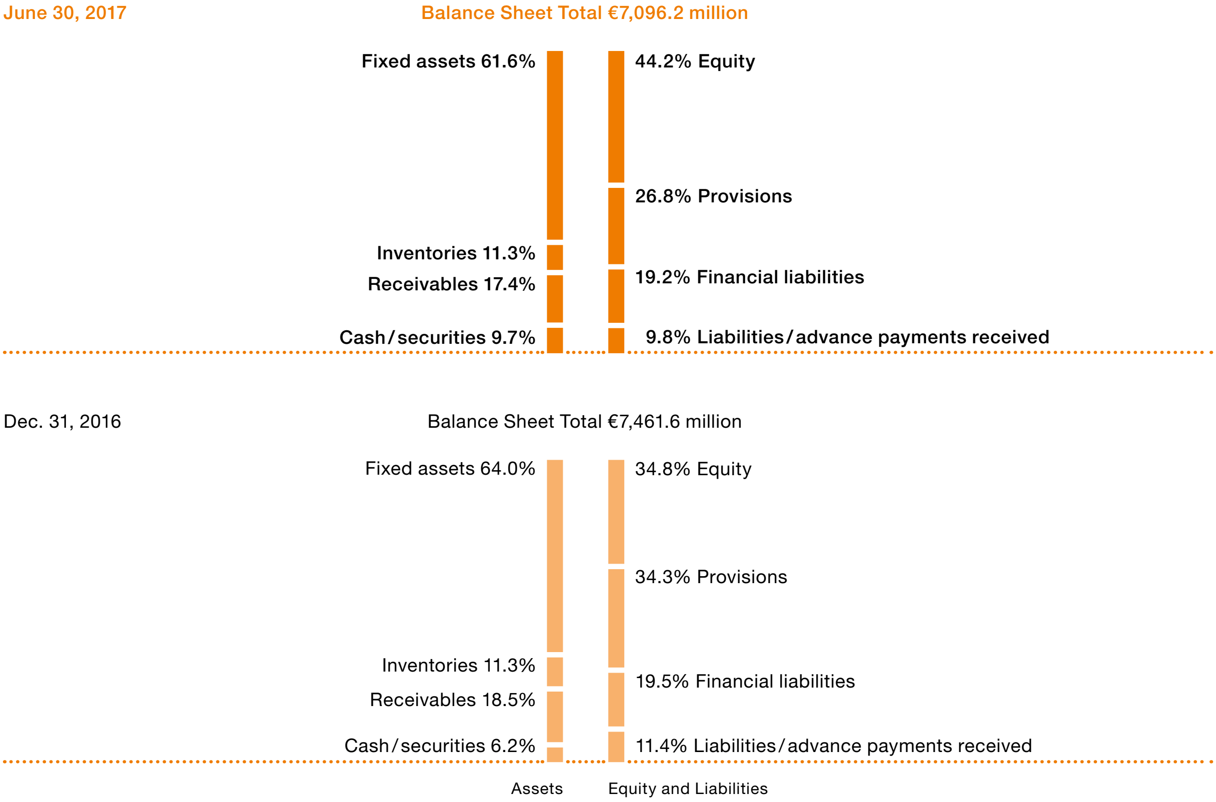
In the first half of 2017, EBITDA at WACKER POLYSILICON amounted to €141.8 million. That was 21 percent more than a year ago (€117.1 million) and yielded an EBITDA margin of 27.5 percent, compared with 21.5 percent a year earlier.

WACKER POLYSILICON invested €9.1 million in the reporting quarter. A year earlier, capital expenditures had reached €27.2 million due to the start-up of the Charleston production site.

Net Assets and Financial Position

June 30, 2017

Asset and Capital Structure



Group's Balance Sheet Total Contracts by 5 Percent

The WACKER Group's balance sheet totaled €7.10 billion as of June 30, 2017, after €7.46 billion as of December 31, 2016, a decrease of 5 percent. Overall, the balance sheet reflected the effects of an increase in working capital, a reduction in provisions for pensions, and the deconsolidation of Siltronic. In early February, WACKER sold an initial 6 percent of Siltronic's shares on the stock exchange, generating proceeds of €87.6 million. After this sale, WACKER held 51.8 percent of Siltronic AG. As the Group still had a majority stake, the transaction's effects were reflected solely in equity. On March 15, 2017, WACKER sold another 21 percent of the shares in Siltronic and, since it no longer had a controlling interest, deconsolidated the Siltronic Group. This sale generated proceeds of €353.2 million before deduction of transaction costs. WACKER received all proceeds from these sales in cash.

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

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

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

Since March 15, 2017, WACKER has accounted for its remaining 30.8-percent stake in Siltronic using the equity method. The shares were measured at fair value and recognized in the balance sheet in the amount of €518.6 million. As of June 30, 2017, €526.3 million was recognized for the equity-accounted shares in Siltronic. This amount comprised not only the pro rata share of the Siltronic Group's positive net income, but also depreciation of the revalued assets resulting from the purchase price allocation.

Fixed Assets Decrease Due to Exchange-Rate Effects and Depreciation

Compared with the end of last year, fixed assets (including equity-accounted investments) declined by €392.1 million and amounted to €4.27 billion (Dec. 31, 2016: €4.65 billion). Depreciation came in at €307.6 million. Capital expenditures lifted fixed assets by €121.5 million. The derecognition of Siltronic's fixed assets in Q1 2017 was compensated for by the recognition of the remaining interest in Siltronic as an equity-accounted investment. Changes in exchange rates decreased fixed assets by €208.9 million, especially due to the weaker US dollar relative to year-end 2016.

Working Capital Declines by 5 Percent Primarily Due to Deconsolidation of Siltronic

Change in Working Capital

€ million	June 30, 2017	June 30, 2016	Change in %	Dec. 31, 2016	Change in %
Trade receivables	708.1	792.9	–10.7	775.7	–8.7
Inventories	798.6	792.3	0.8	846.3	–5.6
Trade payables	–320.3	–307.8	4.1	–369.7	–13.4
Working capital	1,186.4	1,277.4	–7.1	1,252.3	–5.3

Working capital was down 5 percent as of June 30, 2017. The share of derecognized working capital attributable to Siltronic amounted to €191.5 million as of the reporting date. Continuing operations primarily reflected a marked increase both in trade receivables (due to positive business performance) and in inventories and liabilities.

Ongoing deliveries to polysilicon customers and the deconsolidation of Siltronic were the reasons for the reduction in advance payments received, which declined from €270.8 million as of December 31, 2016 to €202.9 million as of the end of Q2 2017.

Sale of Siltronic Shares Increases Liquidity by 59 Percent

As of June 30, 2017, WACKER posted liquid assets (current and noncurrent securities, cash and cash equivalents) of €690.5 million (Dec. 31, 2016: €465.7 million). WACKER generated total proceeds of €440.8 million through both sales transactions of Siltronic shares. The deconsolidation of Siltronic reduced cash and cash equivalents by €161.4 million. Payment of the dividend and variable compensation in Q2 2017 also reduced cash and cash equivalents.

Provisions for Pensions Decline as a Result of Higher Discount Rates

Provisions for pensions fell from €2.11 billion to €1.53 billion, with €371.3 million of this accounted for by Siltronic's deconsolidation. Higher discount rates were a major factor, reducing provisions for pensions by €156.0 million. The discount rates were 2.19 percent in Germany (Dec. 31, 2016: 1.94 percent) and 3.65 percent in the USA (Dec. 31, 2016: 3.92 percent).

Equity Ratio at 44.2 Percent

Compared with year-end 2016, Group equity rose substantially, amounting to €3.14 billion (Dec. 31, 2016: €2.59 billion). This rise mainly reflects the higher net income for the period due to the gain associated with the loss of control of Siltronic. Net income increased equity by €726.4 million. Additionally, equity grew by €87.6 million through the sale of a 6-percent stake in Siltronic. On the other hand, the dividend payment of Wacker Chemie AG in Q2 2017 reduced equity by €99.4 million. The change in provisions for pensions, which was recognized in other comprehensive income, lifted equity by €156.0 million. Currency translation effects decreased equity by €116.0 million. Deconsolidation of the Siltronic Group reduced the share of non-controlling interests in equity by €214.7 million.

Net Cash Flow from Continuing Operations Clearly Positive at €147 Million

Net Cash Flow

€ million	Q2 2017	Q2 2016[1]	Change in %	6M 2017	6M 2016[1]	Change in %
Cash flow from operating activities (gross cash flow)	149.0	153.0	–2.6	244.9	261.9	–6.5
Change in advance payments received	24.8	47.7	–48.0	41.5	83.6	–50.4
Cash flow from long-term investing activities before securities	–79.9	–77.7	2.8	–139.3	–232.8	–40.2
Additions from finance leases	–	–2.2	–100.0	–	–2.2	–100.0
Net cash flow from continuing operations	93.9	120.8	–22.3	147.1	110.5	33.1

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

Gross Cash Flow

Cash flow from operating activities (gross cash flow) totaled €244.9 million in the first half of 2017, after €261.9 million a year ago. That was a decrease of 7 percent. Income from continuing operations reached €91.7 million in the first half-year, up 8 percent versus the same period last year (€84.8 million). Gross cash flow included non-cash depreciation in the amount of €307.6 million (€301.7 million a year earlier) and higher, as-yet non-cash expenses for personnel liabilities stemming from vacation, flextime credits and variable compensation. Changes to working capital had a strong negative impact on cash flow from operations in the amount of €145.1 million. This was mainly the result of the build-up of inventories. The payment of variable compensation in Q2 2017 reduced cash flow from operating activities.

Cash Flow from Investing Activities

The cash flow from investing activities declined from €–232.8 million a year ago to €–139.3 million in the first half of 2017, as a result of lower capital expenditures. These expenditures chiefly comprised current investments in relation to the chemical divisions.

Net Cash Flow from Continuing Operations

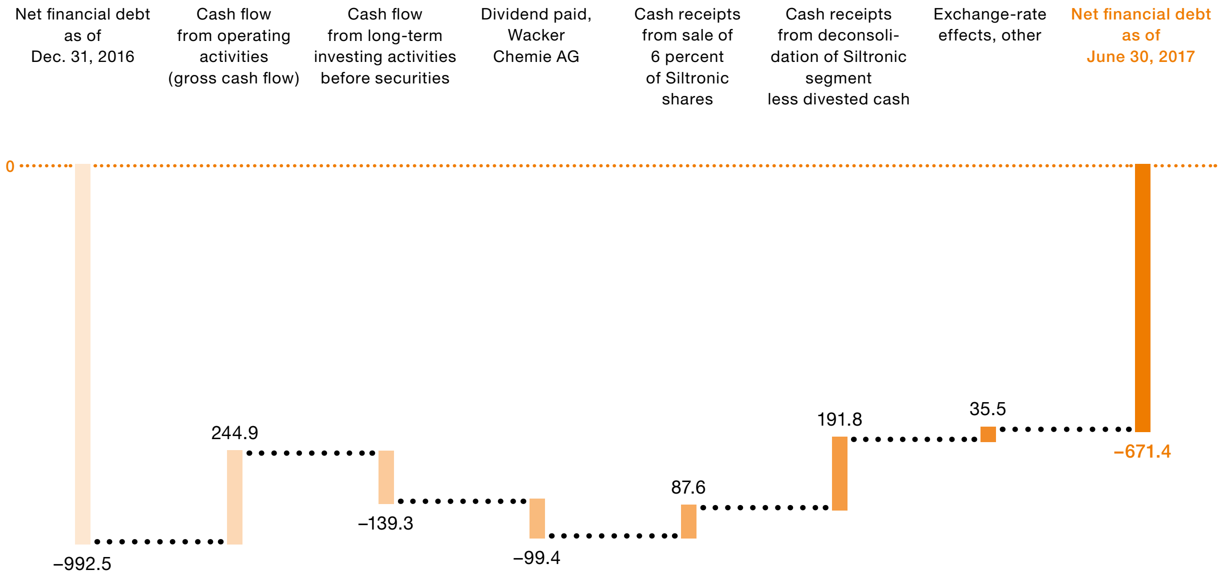
Due to the effects described above, net cash flow in the first six months of 2017 amounted to €147.1 million, compared with €110.5 million a year ago.

Cash Flow from Financing Activities

Cash flow from financing activities was €–10.8 million in the first half of 2017, after €109.5 million a year earlier. It mainly comprised the cash inflow of €87.6 million from the sale of the 6-percent stake in Siltronic. On the other hand, the dividend payment of Wacker Chemie AG in the amount of €99.4 million reduced cash flow from financing activities. The change in liabilities to banks reflects the Group's refinancing activities.

Net Financial Debt

€ million



Financial Liabilities Decline Due to Exchange-Rate Effects

Exchange-rate effects caused current and noncurrent financial liabilities to decline substantially at the reporting date, to €1.36 billion (Dec. 31, 2016: €1.46 billion). In Q1 2017, WACKER made use of prevailing low interest rates to refinance some €200 million in due financial liabilities, concluding a new long-term loan in the same amount.

Net Financial Debt Declines Markedly Due to Higher Liquidity

Net financial debt – the balance of noncurrent and current financial liabilities and liquid assets – declined markedly, from €992.5 million to €671.4 million. This decline was attributable not only to positive operational performance, but also to cash inflows from the sale of Siltronic shares. The Group received €87.6 million from the transaction without losing its controlling interest. This amount was recognized in cash flow from financing activities. WACKER's sale of additional Siltronic shares led to a cash inflow from investing activities of €191.8 million. This inflow comprised proceeds of €353.2 million from the sale less €161.4 million in Siltronic cash and cash equivalents, which were subsequently no longer available to the Group.

Opportunities and Risks

Assessments of Opportunities and Risks Remain Unchanged

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

See pages 90 to 106

The statements and assessments made there did not change in the reporting period. We did not identify any further significant risks or opportunities that go beyond what we described in our 2016 Annual Report.

We can never rule out the existence of other business-related risks and opportunities that we are currently unaware of or currently consider to be insignificant. Nonetheless, we do not expect risks to occur which, either in isolation or in combination with other risks, might endanger the continued existence of WACKER as a going concern.

Outlook Update

EBITDA Forecast Revised Upward

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

See pages 106 to 114

In the first quarter of 2017, we substantially reduced our stake in Siltronic AG. As a result, WACKER's equity interest in Siltronic decreased from 57.8 percent as of December 31, 2016, to 30.8 percent. WACKER is retrospectively reporting the income from Siltronic AG and its subsidiaries in 2016 as income from discontinued operations. Since March 15, 2017, WACKER's stake in Siltronic has been accounted for using the equity method.

The changes regarding Siltronic did not alter our expectations – as stated in the 2016 Annual Report – for the individual divisions. On publication of our Q1 2017 Interim Report, though, we revised upward our expectations for WACKER SILICONES, given the strong demand for our silicone products.

In the present Interim Report, we are once again revising upward our earnings forecast for WACKER SILICONES. Given the good business conditions, we now expect its full-year EBITDA to grow somewhat more strongly than sales (Q1 2017 Interim Report: sales and EBITDA to grow by a high single-digit percentage). At the same time, we are revising upward our earnings forecast for the Group: we expect full-year EBITDA to come in at between €900 million and €935 million. The upper figure corresponds to the prior year's EBITDA adjusted for special income. This revision is due not only to the strength of chemical business, but also to the fact that income from the stake in Siltronic AG is taken into account and is likely to be higher than previously anticipated.

Our projection for WACKER's key financial performance indicators for full-year 2017 – based on the adjusted 2016 figures – is as follows:

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

EBITDA margin and EBITDA: the EBITDA margin is projected to be somewhat lower than last year's figure of 20.6 percent (2016 Annual Report, including Siltronic: slightly below last year's level). On balance, lower prices in our business and rising raw-material prices will dampen the EBITDA margin. Full-year EBITDA is anticipated at between €900 million and €935 million (Q1 2017 Interim Report: mid-single-digit percentage decline on a comparable basis, excluding special income).

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

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

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

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

Outlook for 2017

	Reported for 2016	Adjusted for 2016	Outlook for 2017
Key Financial Performance Indicators			
EBITDA margin (%)	20.4	20.6	Somewhat lower than last year
EBITDA (€ million)	1,101.4	955.5[1]	Between 900 and 935
ROCE (%)	6.1	5.6	Slightly below last year's level
Net cash flow (€ million)	400.6	361.1	Substantially lower than last year
Supplementary Financial Performance Indicators			
Sales (€ million)	5,404.2	4,634.2	Mid-single-digit percentage increase
Capital expenditures (€ million)	427.6	338.1[2]	Around 360
Net financial debt (€ million)	992.5	992.5	Substantially lower than last year
Depreciation (€ million)	735.2	618.2[2]	Around 600

[1] Adjusted EBITDA for 2016, excluding special income, amounted to €935.2 million.
[2] Excluding Siltronic

Statement of Income

January 1 to June 30, 2017

€ million	Q2 2017	Q2 2016[1]	Change in %	6M 2017	6M 2016[1]	Change in %
Sales	1,218.3	1,199.2	1.6	2,437.1	2,332.3	4.5
Cost of goods sold	–980.5	–976.6	0.4	–1,985.3	–1,922.7	3.3
Gross profit from sales	237.8	222.6	6.8	451.8	409.6	10.3
Selling expenses	–72.9	–64.9	12.3	–143.5	–127.7	12.4
Research and development expenses	–38.8	–37.1	4.6	–81.3	–74.3	9.4
General administrative expenses	–37.3	–26.4	41.3	–75.2	–58.5	28.5
Other operating income	19.9	36.7	–45.8	45.2	66.6	–32.1
Other operating expenses	–13.6	–27.5	–50.5	–28.8	–50.7	–43.2
Operating result	95.1	103.4	–8.0	168.2	165.0	1.9
Result from investments in joint ventures and associates	4.9	0.2	>100	5.0	2.7	85.2
Other investment income	1.9	0.9	>100	1.9	0.9	>100
EBIT (earnings before interest and taxes)	101.9	104.5	–2.5	175.1	168.6	3.9
Interest income	1.7	1.3	30.8	3.3	2.5	32.0
Interest expenses	–9.8	–10.5	–6.7	–20.1	–20.8	–3.4
Other financial result	–18.0	–12.9	39.5	–32.9	–28.5	15.4
Financial result	–26.1	–22.1	18.1	–49.7	–46.8	6.2
Income from continuing operations before income taxes	75.8	82.4	–8.0	125.4	121.8	3.0
Income taxes	–15.3	–24.8	–38.3	–33.7	–37.0	–8.9
Income from continuing operations after income taxes	60.5	57.6	5.0	91.7	84.8	8.1
Income from discontinued operations after income taxes	–	1.3	–100.0	634.7	–9.8	n.a.
Net income for the period	60.5	58.9	2.7	726.4	75.0	>100
Of which						
Attributable to Wacker Chemie AG shareholders	58.2	57.3	1.6	713.5	77.5	>100
Attributable to non-controlling interests	2.3	1.6	43.8	12.9	–2.5	n.a.
Earnings per share						
Income from continuing operations	1.17	1.13	3.7	1.76	1.65	6.8
Income from discontinued operations	–	0.02	–100.0	12.60	–0.09	n.a.
Earnings per share in € (basic/diluted)	1.17	1.15	1.6	14.36	1.56	>100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–

[1] Adjusted in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations). Further adjustments to selling expenses and research and development expenses.

Statement of Comprehensive Income

January 1 to June 30, 2017

€ million	2017 Before taxes	2017 Deferred taxes	2017	2016 Before taxes	2016 Deferred taxes	2016
Net income for the period			726.4			75.0
Items not subsequently reclassified to the statement of income						
Remeasurement of defined benefit plans	203.7	–47.7	156.0	–779.2	172.4	–606.8
Sum of items not reclassified to the statement of income	203.7	–47.7	156.0	–779.2	172.4	–606.8
Of which result from investments accounted for using the equity method	5.3	0.9	6.2	–	–	–
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustment	–116.0	–	–116.0	–27.8	–	–27.8
Of which recognized in profit and loss	12.4	–	12.4	2.2	–	2.2
Changes in fair values of securities available for sale	–0.1	–	–0.1	0.2	–	0.2
Changes in fair values of derivative financial instruments (cash flow hedge)	11.9	–2.1	9.8	–0.3	–0.1	–0.4
Of which recognized in profit and loss	2.2	–0.4	1.8	12.0	0.1	12.1
Effects of net investments in foreign operations	–1.9	–	–1.9	4.0	–	4.0
Of which recognized in profit and loss	–2.4	–	–2.4	–	–	–
Sum of items reclassified to the statement of income	–106.1	–2.1	–108.2	–23.9	–0.1	–24.0
Of which result from investments accounted for using the equity method	–1.6	–0.9	–2.5	–	–	–
Income and expenses recognized in equity	97.6	–49.8	47.8	–803.1	172.3	–630.8
Of which						
Attributable to Wacker Chemie AG shareholders	83.6	–49.8	33.8	–733.0	172.3	–560.7
Attributable to non-controlling interests	14.0	–	14.0	–70.1	–	–70.1
Total income and expenses reported			774.2			–555.8
Of which						
Attributable to Wacker Chemie AG shareholders			747.3			–483.2
Attributable to non-controlling interests			26.9			–72.6
The share of the overall income attributable to Wacker Chemie AG shareholders consists of the following:						
Continuing operations			104.0			–383.2
Discontinued operations			643.3			–100.0
The share of the overall income attributable to non-controlling interests consists of the following:						
Continuing operations			2.6			0.2
Discontinued operations			24.3			–72.8

Statement of Comprehensive Income

April 1 through June 30, 2017

€ million	2017			2016		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			60.5			58.9
Items not subsequently reclassified to the statement of income						
Remeasurement of defined benefit plans	94.9	–24.4	70.5	–421.0	93.4	–327.6
Sum of items not reclassified to the statement of income	94.9	–24.4	70.5	–421.0	93.4	–327.6
Of which result from investments accounted for using the equity method	5.3	0.9	6.2	–	–	–
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustment	–113.0	–	–113.0	27.8	–	27.8
Of which recognized in profit and loss	0.2	–	0.2	2.2	–	2.2
Changes in fair values of derivative financial instruments (cash flow hedge)	6.9	–1.6	5.3	–11.6	0.1	–11.5
Of which recognized in profit and loss	–3.2	–	–3.2	18.8	0.1	18.9
Effects of net investments in foreign operations	–3.1	–	–3.1	4.0	–	4.0
Of which recognized in profit and loss	–	–	–	–	–	–
Sum of items reclassified to the statement of income	–109.2	–1.6	–110.8	20.2	0.1	20.3
Of which result from investments accounted for using the equity method	–1.6	–0.9	–2.5	–	–	–
Income and expenses recognized in equity	–14.3	–26.0	–40.3	–400.8	93.5	–307.3
Of which						
Attributable to Wacker Chemie AG shareholders	–11.6	–26.0	–37.6	–360.3	93.5	–266.8
Attributable to non-controlling interests	–2.7	–	–2.7	–40.5	–	–40.5
Total income and expenses reported			20.2			–248.4
Of which						
Attributable to Wacker Chemie AG shareholders			20.6			–209.5
Attributable to non-controlling interests			–0.4			–38.9
The share of the overall result attributable to Wacker Chemie AG shareholders consists of the following:						
Continuing operations			20.6			–154.1
Discontinued operations			–			–55.4
The share of the overall result attributable to non-controlling interests consists of the following:						
Continuing operations			–0.4			–0.2
Discontinued operations			–			–38.7

Statement of Financial Position

As of June 30, 2017

€ million	June 30, 2017	June 30, 2016	Change in %	Dec. 31, 2016	Change in %
Assets					
Intangible assets	38.6	36.7	5.2	50.4	–23.4
Property, plant and equipment	3,690.7	4,590.6	–19.6	4,594.9	–19.7
Investment property	1.3	1.5	–13.3	1.5	–13.3
Investments in joint ventures and associates accounted for using the equity method	535.3	20.2	>100	11.2	>100
Securities	27.8	76.6	–63.7	56.0	–50.4
Other financial assets	105.8	108.2	–2.2	111.5	–5.1
Other receivables and other assets	5.5	4.2	31.0	3.7	48.6
Income tax receivables	–	2.6	–100.0	–	–
Deferred tax assets	409.3	508.1	–19.4	449.9	–9.0
Noncurrent assets	4,814.3	5,348.7	–10.0	5,279.1	–8.8
Inventories	798.6	792.3	0.8	846.3	–5.6
Trade receivables	708.1	792.9	–10.7	775.7	–8.7
Other financial assets	17.6	35.9	–51.0	65.1	–73.0
Other receivables and other assets	76.1	79.1	–3.8	67.2	13.2
Income tax receivables	18.8	10.0	88.0	18.5	1.6
Securities and fixed-term deposits held to maturity	424.3	110.5	>100	126.2	>100
Cash and cash equivalents	238.4	327.8	–27.3	283.5	–15.9
Current assets	2,281.9	2,148.5	6.2	2,182.5	4.6
Total assets	7,096.2	7,497.2	–5.3	7,461.6	–4.9
Equity and Liabilities					
Subscribed capital of Wacker Chemie AG	260.8	260.8	–	260.8	–
Capital reserves of Wacker Chemie AG	157.4	157.4	–	157.4	–
Treasury shares	–45.1	–45.1	–	–45.1	–
Retained earnings	3,150.7	2,387.1	32.0	2,488.7	26.6
Other equity items	–433.9	–774.5	–44.0	–482.4	–10.1
Equity attributable to Wacker Chemie AG shareholders	3,089.9	1,985.7	55.6	2,379.4	29.9
Non-controlling interests	46.4	153.0	–69.7	213.8	–78.3
Equity	3,136.3	2,138.7	46.6	2,593.2	20.9
Provisions for pensions	1,528.2	2,415.8	–36.7	2,107.8	–27.5
Other provisions	212.1	227.2	–6.6	247.4	–14.3
Income tax provisions	78.8	57.7	36.6	73.7	6.9
Financial liabilities	805.4	1,121.3	–28.2	791.1	1.8
Other financial liabilities	1.2	4.9	–75.5	2.3	–47.8
Other liabilities	137.5	218.5	–37.1	164.2	–16.3
Deferred tax liabilities	4.1	3.5	17.1	6.2	–33.9
Noncurrent liabilities	2,767.3	4,048.9	–31.7	3,392.7	–18.4
Other provisions	71.2	100.8	–29.4	95.0	–25.1
Income tax provisions	14.7	21.6	–31.9	26.8	–45.1
Financial liabilities	556.5	547.5	1.6	667.1	–16.6
Trade payables	320.3	307.8	4.1	369.7	–13.4
Other financial liabilities	20.2	39.6	–49.0	61.8	–67.3
Income tax liabilities	1.0	0.2	>100	0.8	25.0
Other liabilities	208.7	292.1	–28.6	254.5	–18.0
Current liabilities	1,192.6	1,309.6	–8.9	1,475.7	–19.2
Liabilities	3,959.9	5,358.5	–26.1	4,868.4	–18.7
Total equity and liabilities	7,096.2	7,497.2	–5.3	7,461.6	–4.9

Statement of Cash Flows

January 1 to June 30, 2017

€ million	Q2 2017	Q2 2016[1]	Change in %	6M 2017	6M 2016[1]	Change in %
Net income for the period	**60.5**	58.9	2.7	**726.4**	75.0	>100
Income from discontinued operations	**–**	–1.3	–100.0	**–634.7**	9.8	n.a.
Depreciation/amortization of fixed assets	**151.5**	160.5	–5.5	**307.6**	301.7	2.0
Result from disposal of fixed assets	**0.4**	0.2	100.0	**–1.7**	–1.0	70.0
Other non-cash expenses and income	**57.9**	–17.6	n.a.	**68.9**	21.1	>100
Result from equity accounting	**–4.9**	–0.2	>100	**–5.0**	–2.7	85.2
Net interest result	**8.1**	9.2	–12.0	**16.8**	18.3	–8.2
Interest paid	**–16.5**	–12.2	35.2	**–20.1**	–19.9	1.0
Interest received	**1.3**	–	n.a.	**2.3**	0.3	>100
Income tax expense	**15.3**	24.8	–38.3	**33.7**	37.0	–8.9
Taxes paid	**–30.7**	–21.5	42.8	**–56.3**	–46.1	22.1
Dividends received	**2.8**	1.3	>100	**2.8**	4.1	–31.7
Changes in inventories	**–100.6**	–5.3	>100	**–139.1**	–8.2	>100
Changes in trade receivables	**32.5**	–17.6	n.a.	**–40.9**	–113.3	–63.9
Changes in non-financial assets	**–22.7**	3.2	n.a.	**–24.8**	–16.1	54.0
Changes in financial assets	**2.0**	11.4	–82.5	**–2.0**	20.7	n.a.
Changes in provisions	**22.8**	25.9	–12.0	**31.0**	39.8	–22.1
Changes in non-financial liabilities	**–28.2**	–28.5	–1.1	**21.5**	14.2	51.4
Changes in financial liabilities	**22.3**	9.5	>100	**–**	10.8	–100.0
Changes in advance payments received	**–24.8**	–47.7	–48.0	**–41.5**	–83.6	–50.4
Cash flow from operating activities (gross cash flow) – continuing operations	149.0	153.0	–2.6	244.9	261.9	–6.5
Cash flow from operating activities (gross cash flow) – discontinued operations	**–**	19.1	–100.0	**44.1**	45.9	–3.9
Cash flow from operating activities (gross cash flow)	149.0	172.1	–13.4	289.0	307.8	–6.1
Cash receipts and payments for investments	**–80.0**	–77.9	2.7	**–141.9**	–234.8	–39.6
Proceeds from the disposal of fixed assets	**0.1**	0.2	–50.0	**2.6**	2.0	30.0
Cash flow from long-term investing activities before securities	–79.9	–77.7	2.8	–139.3	–232.8	–40.2
Cash receipts and payments for the acquisition/ disposal of securities and fixed-term deposits	**–149.4**	–60.8	>100	**–350.0**	–104.4	>100
Cash flow from investing activities – continuing operations	–229.3	–138.5	65.6	–489.3	–337.2	45.1
Cash receipts from deconsolidation of Siltronic segment less divested cash	**–**	–	–	**191.8**	–	n.a.
Cash flow from investing activities – discontinued operations	**–**	–51.6	–100.0	**–26.0**	–65.1	–60.1
Cash flow from investing activities	–229.3	–190.1	20.6	–323.5	–402.3	–19.6
Dividends paid	**–104.0**	–100.6	3.4	**–104.0**	–100.6	3.4
Cash receipts from the change in ownership interests in Siltronic AG	**–**	–	–	**87.6**	–	n.a.
Changes in financial liabilities	**–9.6**	11.4	n.a.	**5.6**	210.1	–97.3
Cash flow from financing activities – continuing operations	–113.6	–89.2	27.4	–10.8	109.5	n.a.
Cash flow from financing activities	–113.6	–89.2	27.4	–10.8	109.5	n.a.
Changes due to exchange-rate fluctuations	**–3.3**	2.5	n.a.	**0.2**	2.3	–91.3
Total changes in cash and cash equivalents	–197.2	–104.7	88.3	–45.1	17.3	>100
At the beginning of the period	**435.6**	432.5	0.7	**283.5**	310.5	–8.7
At the end of the period	**238.4**	327.8	–27.3	**238.4**	327.8	–27.3

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

Statement of Changes in Equity

January 1 to June 30, 2017

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2016	260.8	157.4	–45.1	2,408.9	–213.8	2,568.2	226.9	2,795.1
Net income for the period	–	–	–	77.5	–	77.5	–2.5	75.0
Dividends paid	–	–	–	–99.3	–	–99.3	–1.3	–100.6
Income and expenses recognized in equity	–	–	–	–	–560.7	–560.7	–70.1	–630.8
June 30, 2016	260.8	157.4	–45.1	2,387.1	–774.5	1,985.7	153.0	2,138.7
Jan. 1, 2017	260.8	157.4	–45.1	2,488.7	–482.4	2,379.4	213.8	2,593.2
Net income for the period	–	–	–	713.5	–	713.5	12.9	**726.4**
Dividends paid	–	–	–	–99.4	–	–99.4	–4.6	**–104.0**
Change in ownership interests in Siltronic AG (without loss of control)	–	–	–	47.9	14.7	62.6	25.0	**87.6**
Income and expenses recognized in equity	–	–	–	–	33.8	33.8	14.0	**47.8**
Change in the scope of consolidation	–	–	–	–	–	–	–214.7	**–214.7**
June 30, 2017	260.8	157.4	–45.1	3,150.7	–433.9	3,089.9	46.4	3,136.3

Reconciliation of Other Equity Items

January 1 to June 30, 2017

€ million	Changes in fair values of securities available for sale	Difference from foreign currency translation adjustment	Changes in fair 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)
Attributable to Wacker Chemie AG shareholders						
Jan. 1, 2016	0.1	221.7	–9.5	–426.1	–	–213.8
Changes recognized in equity	–0.1	–	–7.1	–536.3	2.3	–541.2
Reclassification to the statement of income	–	–	7.0	–	–	7.0
Changes in exchange rates	–	–26.5	–	–	–	–26.5
June 30, 2016	–	195.2	–9.6	–962.4	2.3	–774.5
Jan. 1, 2017	0.1	266.2	–5.2	–744.1	0.6	–482.4
Changes recognized in equity	–0.1	–	7.9	144.3	–1.2	**150.9**
Reclassification to the statement of income	–	12.4	0.9	–	–2.4	**10.9**
Change in ownership interests in Siltronic AG (without loss of control)	–	1.6	0.1	13.1	–0.1	**14.7**
Changes in exchange rates	–	–128.0	–	–	–	**–128.0**
June 30, 2017	–	152.2	3.7	–586.7	–3.1	–433.9
Reconciliation of other equity items (attributable to non-controlling interests)						
Jan. 1, 2016	–0.3	–10.8	–5.5	–53.6	–	–70.2
Changes recognized in equity	0.3	–	–5.4	–70.5	1.7	–73.9
Reclassification to the statement of income	–	–	5.1	–	–	5.1
Changes in exchange rates	–	–1.3	–	–	–	–1.3
June 30, 2016	–	–12.1	–5.8	–124.1	1.7	–140.3
Jan. 1, 2017	–	–12.2	–1.9	–91.8	0.5	–105.4
Changes recognized in equity	–	–	–0.3	11.7	1.7	**13.1**
Reclassification to the statement of income	–	–	1.3	–	–	**1.3**
Change in ownership interests in Siltronic AG (without loss of control)	–	–1.6	–0.1	–13.1	0.1	**–14.7**
Changes in exchange rates	–	–0.4	–	–	–	**–0.4**
Changes in the scope of consolidation	–	11.3	1.0	93.2	–2.3	**103.2**
June 30, 2017	–	–2.9	–	–	–	–2.9

Notes

January 1 to June 30, 2017

Accounting and Valuation Methods

The interim financial statements of Wacker Chemie AG as of June 30, 2017 have been prepared 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. The accounting and valuation methods applicable in the 2016 fiscal year have been supplemented by the new accounting standards to be applied for the first time in 2017. In Q1 2017, the research and development costs previously included in selling expenses were recognized for the first time under research and development expenses. The corresponding prior-year figures were adjusted accordingly. In 2017, for the first time, exchange-rate effects from intra-Group financing (including the effects of foreign currency derivatives concluded) were recognized under other financial result instead of under other operating income and expenses. The reason for this change in presentation is to show more clearly the substantially higher finance expense due to exchange-rate effects that is no longer attributable to the short-term interim financing associated with operating activities. The accounting and valuation methods are otherwise unchanged. New accounting standards were introduced in 2017, but they had no impact on WACKER's accounting or valuation methods.

As regards accounting standards not yet applicable in 2017, WACKER confirms the statements it made in the 2016 Annual Report. From our current perspective, we do not anticipate IFRS 15 to have any substantial impact on our revenue recognition.

During preparation of the interim financial statements, it is necessary to make assumptions and estimates that affect the amounts of the assets, liabilities, income, expenses and contingent liabilities, and how these items are reported. All assumptions and estimates are based on projections that were valid on the reporting date. The actual values may differ from these 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 in the same manner as at year-end, namely by determining the tax expenses as of the interim reporting date. The option pursuant to IAS 34 of making an estimate has not been exercised.

As of each reporting date, the net defined benefit obligation must be reassessed and the discount factor newly determined. The net defined benefit obligation as of June 30, 2017 was calculated using discount factors of 2.19 percent in Germany and 3.65 percent in the USA (June 30, 2016: 1.60 percent in Germany and 3.47 percent in the USA). As of December 31, 2016, the actuarial interest rate was 1.94 percent in Germany and 3.92 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 contained in IFRS are explained in detail in the Notes.

The Group's parent company, Wacker Chemie AG, is a listed company headquartered 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. Volumes are higher in the summer months than in the winter, when the construction industry slows down. 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.

Other Financial Obligations

For information on disclosures of other financial obligations, please refer to the Notes to the consolidated financial statements in the 2016 Annual Report.

There were no material changes during the reporting period to the information provided in the 2016 Annual Report.

Changes in the Scope of Consolidation

As of June 30, 2017, the scope of consolidation comprised 58 companies (including Wacker Chemie AG) and a special-purpose entity. The interim financial statements comprised 50 fully consolidated companies. Compared with December 31, 2016, the scope of consolidation changed as follows:

Changes in the Scope of Consolidation

%

Reclassification of fully consolidated companies as equity-accounted companies*	
Siltronic AG, Munich, Germany	27.0
Siltronic Holding International B.V., Krommenie, Netherlands	27.0
Siltronic Corp., Portland, Oregon, USA	27.0
Siltronic Singapore Pte. Ltd., Singapore	27.0
Siltronic Japan Corp., Hikari, Japan	27.0
Siltronic Silicon Wafer Pte. Ltd., Singapore	27.0
Disposal of fully consolidated companies	
Wacker Polymer Systems (WUXI) Co. Ltd., Wuxi, China (March 15, 2017)	100.0

* Successive sale of 1.8 million shares in Siltronic AG between January 24 and February 9, 2017 (6 percent of shares); further sale of 6.3 million shares in Siltronic AG on March 15, 2017 (21 percent of shares).

Deconsolidation of Siltronic Segment as of March 15, 2017

Between January 24 and February 9, 2017, WACKER sold on the stock exchange a total of 6 percent of the shares of Siltronic AG, which had been held by Wacker Chemie Dritte Venture GmbH. After this sale, the WACKER Group still held a stake of 51.8 percent in the Siltronic Group.

The proceeds from the sale came to €87.6 million. The transaction costs, which were minor, were recognized directly in equity. As WACKER was still the majority shareholder, this transaction was accounted for as a transaction with owners and had no impact on the income statement. Please refer to the statement of changes in equity for equity-related changes. The changes are posted in a separate line there.

On March 15, 2017, WACKER reduced its stake in Siltronic AG from 51.8 percent to 30.8 percent by means of a bookbuilding offering to institutional investors. The total proceeds from this transaction amounted to €353.2 million, less €3.3 million in related transaction costs. As WACKER had lost control of Siltronic, the segment was deconsolidated as of March 15, 2017. The remaining stake of 30.8 percent in the associated company was accounted for using the equity method. The carrying amount of the investment was remeasured at fair value and came to €518.6 million.

The following table shows the assets and liabilities WACKER divested on deconsolidation, as well as a reconciliation to the proceeds from the transaction.

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

€ million

Intangible assets	5.2
Property, plant and equipment	513.2
Securities	89.3
Inventories	144.3
Trade receivables	128.4
Other assets	33.4
Cash and cash equivalents	161.4
Total assets	1,075.2
Provisions for pensions	–371.3
Financial liabilities	–41.9
Trade payables	–82.3
Other liabilities and provisions	–126.4
Total liabilities	–621.9
Sum of assets and liabilities	453.3
Current net income from Siltronic, Q1 2017	17.7
Gain associated with loss of control	617.0
Income from discontinued operations	634.7
Total divested assets and liabilities of Siltronic 100%	453.3
Remeasurement of remaining 30.8-percent equity-accounted stake in Siltronic	–518.6
Disposal of shares of non-controlling interests in WACKER Group	–214.7
Pro rata difference remaining from currency translation	11.6
Less current net income from Siltronic, Q1 2017	–17.7
Costs that cannot be capitalized (taxes, transaction costs)	4.6
Proceeds from sale	353.2
Liquidity outflow from deconsolidation of Siltronic	–161.4
Cash receipts from deconsolidation of Siltronic segment less divested cash	191.8

In accordance with IFRS 5, the Siltronic segment's income in Q1 2017 was recognized as discontinued operations. The following table shows the main expenses and income from discontinued operations:

Income from Discontinued Operations

€ million	6M 2017	Q2 2016	6M 2016
Sales	258.0	229.8	450.4
Other income	15.3	12.2	29.1
Expenses	–251.8	–238.0	–484.5
Current income from discontinued operations before income taxes	21.5	4.0	–5.0
Income taxes	–3.8	–2.7	–4.8
Current income from discontinued operations after income taxes	17.7	1.3	–9.8
Result from measurement adjustments/gain from disposal of discontinued operations (before taxes)	618.3	–	–
Income taxes	–1.3	–	–
Income from discontinued operations (after taxes)	634.7	1.3	–9.8
Of which attributable to Wacker Chemie AG shareholders	626.2	0.4	–5.1
Of which attributable to non-controlling interests	8.5	0.9	–4.7

The fair value of the associated company amounted to €518.6 million as of March 31, 2017. The following table shows the remaining difference calculated, as well as the goodwill remaining after the revaluation of assets that is attributable to the stake held by WACKER shareholders. The revaluation relates primarily to intangible assets recognized, such as technology and customer base, as well as to buildings and machinery. The average useful lives are between 5 and 10 years.

€ million	
Remeasured equity-accounted stake in Siltronic	518.6
Pro rata carrying amount of Siltronic equity	138.4
Difference before revaluation of assets	380.2
Step-up of assets attributable to WACKER, including deferred tax liabilities	134.7
Remaining goodwill	245.5

Segment Reporting

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

See page 11 et seq.

Reconciliation with Segment Results

€ million	Q2 2017	Q2 2016[1]	Change in %	6M 2017	6M 2016[1]	Change in %
EBIT of reporting segments	122.3	119.4	2.4	227.7	200.5	13.6
Corporate functions/Other	–21.0	–14.9	40.9	–54.4	–31.9	70.5
Consolidation	0.6	–	n.a.	1.8	–	n.a.
Group EBIT	101.9	104.5	–2.5	175.1	168.6	3.9
Financial result	–26.1	–22.1	18.1	–49.7	–46.8	6.2
Income before income taxes	75.8	82.4	–8.0	125.4	121.8	3.0

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

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)

€ million	June 30, 2017		Dec. 31, 2016	
	Fair value	Carrying amount	Fair value	Carrying amount
Trade receivables	708.1	708.1	775.7	775.7
Securities and fixed-term deposits held to maturity (loans and receivables)	320.9	320.9	78.9	78.9
Available-for-sale securities	131.2	131.2	103.3	103.3
Other financial assets	112.3	123.4	165.5	176.6
Loans and receivables	106.9	106.9	159.4	159.4
Available-for-sale financial assets[1]	n.a.	11.1	n.a.	11.1
Derivative financial instruments	5.4	5.4	6.1	6.1
Cash and cash equivalents	238.4	238.4	283.5	283.5
Financial liabilities	1,326.9	1,329.2	1,419.5	1,422.1
Financial liabilities from finance leases	32.7	32.7	36.1	36.1
Trade payables	320.3	320.3	369.7	369.7
Other financial liabilities	21.4	21.4	64.1	64.1
Financial liabilities recognized at amortized cost	10.6	10.6	35.4	35.4
Derivative financial instruments	10.8	10.8	28.7	28.7

[1] This item contains available-for-sale financial assets the market values of which cannot be calculated reliably and which have been recognized at cost. Along with noncurrent loans, it is shown in the statement of financial position under noncurrent financial assets.

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 June 30, 2017.

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 2016 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 the financial assets and liabilities recognized at fair value in the statement of financial position:

Fair Value Hierarchy

€ million	Fair value hierarchy June 30, 2017				Fair value hierarchy December 31, 2016			
	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 that do not qualify for hedge accounting (assets held for trading)	–	1.9	–	**1.9**	–	2.9	–	**2.9**
Fair value through other comprehensive income/through profit or loss								
Derivatives that qualify for hedge accounting	–	3.5	–	**3.5**	–	3.2	–	**3.2**
Available-for-sale financial assets	131.2	–	–	**131.2**	103.3	–	–	**103.3**
Total	131.2	5.4	–	136.6	103.3	6.1	–	109.4
Financial assets measured at amortized cost								
Loans and receivables								
Loans	–	91.1	–	**91.1**	–	96.4	–	**96.4**
Total	–	91.1	–	91.1	–	96.4	–	96.4
Financial liabilities measured at fair value								
Fair value through profit or loss								
Derivatives that do not qualify for hedge accounting (liabilities held for trading)	–	0.9	–	**0.9**	–	4.3	–	**4.3**
Fair value through other comprehensive income/through profit or loss								
Derivatives that qualify for hedge accounting	–	9.9	–	**9.9**	–	24.4	–	**24.4**
Total	–	10.8	–	10.8	–	28.7	–	28.7
Financial liabilities measured at amortized cost								
Financial liabilities								
Measured at amortized cost	–	1,326.9	–	**1,326.9**	–	1,419.5	–	**1,419.5**
Total	–	1,326.9	–	1,326.9	–	1,419.5	–	1,419.5

The market value determined in Level 1 is based on quoted, unadjusted prices in active markets for the assets and liabilities in question or for 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 liabilities. 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 2016, no reclassifications were carried out between the levels of the fair value hierarchy in the first six months of 2017.

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

Related Party Disclosures

IAS 24 stipulates that a person or company which controls, or is controlled by, Wacker Chemie AG must be disclosed unless the party in question is already included in Wacker Chemie AG's consolidated financial statements as a consolidated company. A shareholder is deemed to have control if the shareholder 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. These transactions are conducted at arm's length.

Wacker Chemie AG's pension fund (Pensionskasse der Wacker Chemie VVaG) 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 land on which it stands from a subsidiary of the pension fund. Overall, expenditures in the quarter under review amounted to €17.3 million, compared with €21.4 million a year earlier. As of June 30, 2017, WACKER reported receivables from the pension fund in the amount of €2.4 million (Dec. 31, 2016: €48.0 million).

Further, WACKER Group companies have not conducted any material transactions 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 family members of the aforementioned persons.

Business with non-consolidated subsidiaries, the pension fund, and joint ventures and associates is conducted under conditions that are customary between unrelated third parties (at arm's length). Contractually agreed transfer-price formulas have been defined for joint-venture and associated-company product shipments.

Since March 15, 2017, all Siltronic Group companies have been accounted for as associates and thus as related parties.

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

Related Party Disclosures

€ million	6M 2017		2017 June 30, 2017		6M 2016		2016 Dec. 31, 2016	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associated companies	44.9	58.0	24.0	13.2	3.4	65.2	3.6	15.0
Joint ventures	2.5	0.4	0.9	0.1	15.5	0.7	0.9	0.1

In addition, there is a loan to an associated company totaling €91.1 million (Dec. 31, 2016: €96.4 million).

For further information, please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2016.

Exchange Rates

The following euro/us dollar and euro/Chinese renminbi exchange rates were used in the reporting period or in the previous year, respectively, for translating foreign currency items and for the financial statements of companies that have one of the currencies mentioned as their functional currency:

Exchange Rates

€ million	Exchange rate as of			Average exchange rate	
	June 30, 2017	June 30, 2016	Dec. 31, 2016	June 30, 2017	June 30, 2016
USD	1.14	1.11	1.05	1.10	1.13
CNY	7.74	7.39	7.31	7.55	7.39

Major Events during the Interim Reporting Period

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

Events after the Balance Sheet Date

No major events subject to reporting requirements occurred between the closing date (June 30, 2017) and the publication date of these quarterly financial statements (July 28, 2017). There were no material or fundamental changes in the WACKER Group's overall economic and business environment.

The Group's legal and organizational structure remained unchanged.

Munich, July 28, 2017
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Christian Hartel**

Tobias Ohler **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 provides both a fair review of the development and performance of the Group's business and of its situation as well as a description of the principal opportunities and risks associated with the Group's expected development for the remaining months of the fiscal year.

Munich, July 28, 2017
Wacker Chemie AG's Executive Board

Rudolf Staudigl	Christian Hartel
Tobias Ohler	Auguste Willems

Review Report

To Wacker Chemie AG, Munich

We have reviewed, for the period from January 1 through June 30, 2017, the condensed interim consolidated financial statements of Wacker Chemie AG – comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the statement of changes in equity and selected explanatory notes – together with the interim group management report of Wacker Chemie AG, both of which form part of the half-year financial report pursuant to Section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). It is the responsibility of the Company's management to prepare the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and to prepare the interim group management report in accordance with those requirements of the WpHG applicable to interim group management reports. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German standards for the review of financial statements determined by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the review such that, after a critical evaluation, we can ensure with reasonable certainty that the condensed interim consolidated financial statements have been prepared, in material respects, in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has been prepared, in material respects, in accordance with those requirements of the WpHG applicable to interim group management reports. As the review is limited primarily to inquiries directed toward company employees and to analytical assessments, it does not provide the degree of certainty attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, nothing has come to our attention that causes us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with those requirements of the WpHG applicable to interim group management reports.

Munich, July 28, 2017
KPMG AG Wirtschaftsprüfungsgesellschaft

Andrejewski	Maurer
Auditor	Auditor

2017 — Financial Calendar

October
4

Capital Market Day 2017

October
26

Interim Report on the 3rd Quarter of 2017

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