Wacker Chemie AG
Interim Report

January – September 2011

Q3

Published on October 28, 2011

WACKER

WACKER Group sales up one percent in Q3 2011 to €1.28 billion

Earnings before interest, taxes, depreciation and amortization down seven percent from Q3 2010 to €318 million

Net income for Q3 2011 reaches €125 million

Investments of €299 million up almost 40 percent compared to Q3 2010. Focus on polysilicon expansion

Semiconductor and solar markets to become tougher in Q4 2011

More cautious annual forecast: Full-year Group sales expected to reach about €5 billion in 2011, with EBITDA at prior-year level

Cover: One of WACKER's major strengths is its integrated production system. Material efficiency is enhanced in our integrated manufacturing processes, where we either purify and recycle by-products or find other uses for them.

WACKER at a Glance

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Sales	**1,280.6**	1,269.5	0.9	**3,898.1**	3,538.5	10.2
EBITDA[1]	**317.6**	340.0	–6.6	**993.4**	902.3	10.1
EBITDA margin[2] (%)	**24.8**	26.8	–	**25.5**	25.5	–
EBIT[3]	**197.2**	234.3	–15.8	**658.2**	592.7	11.1
EBIT margin[2] (%)	**15.4**	18.5	–	**16.9**	16.8	–
Financial result	**–9.3**	–11.7	–20.5	**–26.9**	–24.0	12.1
Income before taxes	**187.9**	222.6	–15.6	**631.3**	568.7	11.0
Net income for the period	**124.9**	155.8	–19.8	**435.6**	397.1	9.8
Earnings per share (€) (basic/diluted)	**2.50**	3.13	–20.1	**8.76**	7.98	9.8
Investments (incl. financial assets)	**299.1**	215.5	38.8	**644.0**	454.7	41.6
Payments for acquisitions	**–**	–66.1	–100.0	**–**	–66.1	–100.0
Net cash flow[4]	**34.5**	192.4	–82.1	**267.7**	302.5	–11.5

€ million	Sept. 30, 2011	Sept. 30, 2010	Dec. 31, 2010
Equity	**2,698.9**	2,341.6	2,446.8
Financial liabilities	**593.1**	470.1	533.4
Net financial receivables/liabilities[5]	**364.0**	152.0	264.0
Total assets	**6,125.7**	5,233.0	5,501.2
Employees (number at end of period)	**17,133**	16,184	16,314

[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 and noncurrent investment activities before securities, incl. additions from finance leases (internal key indicator)
[5] Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities

Interim Report January – September 2011

In mid-August, WACKER published its new Sustainability Report for 2009 and 2010.

In this interview, Dr. Jutta Matreux, head of Corporate Services and Sustainability, talks about her responsibilities and about the Group's sustainability strategy and environmental footprint.

“Good for the Environment, Good for Profitability”

Dr. Jutta Matreux heads Corporate Services at WACKER. Her responsibilities include global coordination of sustainability topics across the Group.

Dr. Matreux, WACKER has had its own Corporate Sustainability department since January. Has sustainability become even more important as a result?
Sustainability has always been a priority – and its importance is growing. More and more customers, business partners, private and institutional investors, and analysts are intensifying their focus on well-balanced business management. Their decisions on buying or investing can hinge on whether – and to what extent – a company complies with environmental and social standards. Sustainability's importance is also reflected in the increasing number of customers asking us about the topic and wanting to audit us.

What is your department's role?
Let me put it this way: everyone at WACKER is responsible for sustainability, but we coordinate it groupwide. We spur sustainability forward. For example, we are working on determining the whole Group's corporate carbon footprint. It is an essential tool for advancing our efforts in the field of climate protection. We also intend to prepare carbon footprints for our products.

What impact does sustainability have on WACKER's product portfolio?
Sustainability means supporting the Group's growth with the right products. When used, our products should help conserve natural resources and solve major global challenges, such as the switchover to renewable energy sources and climate protection. WACKER is in a good position here. We have been developing and supplying products that address global trends for years: polysilicon for making solar cells, VINNAPAS® polymer powders for exterior insulation and finish systems, and high-performance silicone rubber for light-emitting diodes. Coming years will be marked by an acceleration of trends such as electromobility, sustainable energy generation and energy conservation. The same is true of both urbanization – especially in emerging economies – and people's desire for greater quality of life. We want to grow in these segments and expand our product offerings there.

A heat-recovery steam generator above the gas turbine at Burghausen's modern CCGT power plant. Not only does the turbine meet a third of the site's electricity requirements, but its waste heat is used to generate process steam for chemical production. The superheated steam, in turn, drives other turbines to generate electricity. A perfect closed cycle that provides maximum efficiency, cuts costs and conserves resources.

When are comprehensive lifecycle assessments likely to be available for key products?
We are making good progress on this front. In 2010, WACKER POLYMERS compiled lifecycle assessments not only for its VINNAPAS® and VINNEX® product groups of dispersions and dispersible polymer powders, but also for key intermediates. This means WACKER POLYMERS has assessed the environmental impact of all its major business fields. Our silicones operation has also achieved successes here, working with the Global Silicones Council. We want to introduce lifecycle assessments at our other divisions, too, and are currently coordinating our approach with them. We will then have a basis for closely examining and systematically enhancing the sustainability of our products and manufacturing processes.

Where do you see WACKER's greatest successes in sustainable management?
WACKER's greatest successes have been in energy management and production. To manufacture one metric ton of product, Nünchritz needed around 70 percent less electricity and 85 percent less process steam in 2010 than in 1999, when WACKER acquired the site. At Siltronic, we have introduced process modifications that have substantially reduced our use of chemicals – for example, in wafer-cleaning tanks. As a result, we have cut the nitrate loads in wastewater at Siltronic's sites by 70 percent over the last ten years – and saved money at the same time. As a manufacturing and energy-intensive company, we have always been eager to make our products and processes sustainable. If we enhance our plants' energy efficiency, for instance, we support not only climate protection, but also WACKER's profitability.

What concrete projects is WACKER implementing at the moment?
One crucial project for us is analyzing our flow of goods. Last year, at Logistics, we introduced a simulation system that enables us to optimize transport routes and vehicle capacity utilization so that we can reduce carbon dioxide emissions. The project is a

Whether carpet or cork, whether for the home or office – flooring should be low-emission, pollutant-free, easy to clean, robust and durable. Environmentally-compatible VINNAPAS® dispersions from WACKER are ideal for formulating very low-emission adhesives.

prime example of how we apply new technologies and strategies to implement ecological measures, to make them more transparent and to evaluate them more precisely.

What are the most common misconceptions you encounter when it comes to sustainability?

Sometimes people don't realize that sustainable policies must take account of corporate profitability and not just environmental and social aspects. A truly sustainable company anchors all these topics into its corporate strategies and practices. Often, sustainability is perceived too narrowly, limited to just environmental and social responsibility. We are a commercial enterprise, though, and must generate a profit, so that we can contribute to the well-being of society in the future – for example, by creating and securing jobs.

How can employees support sustainability?

By assuming responsibility for the consequences of their actions at work – just as they do in their private lives. Although anyone can, of course, submit a concrete idea to the Employee Suggestion Program at any time, we should not reduce sustainability to isolated technical improvements. If everyone starts considering in advance what effects their decisions could have on the environment and on the company's economic success, we will have achieved a great deal.

Dr. Jutta Matreux

Dr. Jutta Matreux studied chemistry at the University of Würzburg and came to Wacker Chemie AG in 1995. After positions in Marketing and Sales Support at WACKER POLYMERS, she joined Corporate Development in 2001. Then, in 2005, she became head of Analytical Services at Site Management in Burghausen.

Since January 1, 2011, she has been director of Corporate Services, which has global responsibility for such areas as sustainability, product safety, management systems, and analytics.

Sustainability in Corporate Life Examples from Wacker Chemie AG's Sustainability Report for 2009 and 2010, which has just been published

--- By using low-temperature adsorption in polysilicon deposition, we have saved 15,000 metric tons of carbon dioxide annually since 2010. We have deployed this technology to process hydrogen for re-use instead of extracting it from natural gas. As a result, we are able to reduce carbon dioxide emissions and improve the energy and CO_2 balance of solar cells.

--- In the past, dewatered silica sludge from our silicone plants was disposed of as waste. Due to its high silicon dioxide content, though, the sludge is ideal as an additive in cement production. In 2010, our Burghausen plant supplied around 3,500 metric tons of sludge to a cement factory.

--- For over ten years, we have been using the chloralkali membrane process to supply Burghausen with chlorine, hydrogen, caustic soda and hydrogen chloride as starting materials. This membrane electrolysis has enabled us to stop using mercury-based chlorine electrolysis and, at the same time, cut energy consumption by 25 percent. WACKER has therefore fulfilled the chemical industry's voluntary commitment to phase out mercury-based processes by 2020 well ahead of schedule.

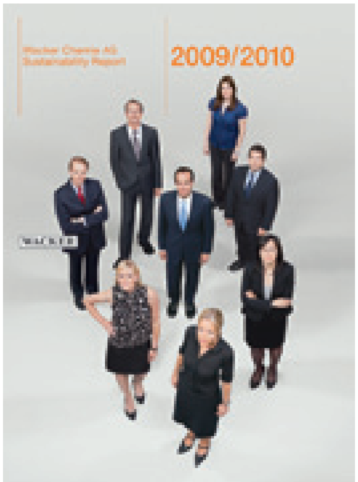
--- We are also working on increasing energy efficiency at our sites outside Germany. A good example is our facility for cyclodextrins at Eddyville (Iowa, USA), which was expanded in 2009. These bioengineered sugar molecules serve as stabilizers and carrier substances in the life sciences, cosmetics, food and agricultural sectors. The investment totaled about US$20 million. A large part of this sum was channeled into a new by-product processing plant, which lowers the entire facility's steam requirements by 35 percent.

--- WACKER's relief fund (WACKER HILFSFONDS) provides unbureaucratic and lasting help to victims of natural disasters. Employee and company donations were used, for instance, to reconstruct an elementary school in the Sichuan province of China following the 2008 earthquake there. As part of a project managed by the Don Bosco Dritte Welt relief organization, we are also helping to rebuild a school destroyed in Haiti's earthquake last year. And in Pakistan, we are working with Germany's Malteser charity to build an elementary school after the 2010 floods. Our relief fund's projects are long term, as seen in Sri Lanka for example, where we have been supporting tsunami victims for seven years.

--- For WACKER, it is important to use packaging materials with minimal environmental impact. Our Siltronic division, for instance, prefers reusable packaging, such as the Hybox. Some 50 percent of 300 mm wafers from Burghausen, Freiberg and Singapore are shipped in this type of reusable container, which is designed for transporting hygienically sensitive goods. Each Hybox shipped saves 50 kilograms in packaging material. Since 2006, these reusable containers have made about 12,000 round trips, reducing waste by over 600 metric tons.

- Until 2008, the external warehouses serving our Burghausen site were spread over a wide area. That year, we relocated to a central warehouse three kilometers from our site. As a result, the distance covered by truck fell almost 98 percent during 2009 and 2010 – from around 340,000 to just 10,000 freight kilometers for the same number of trips.

- Wherever possible, we are switching from road to rail. Today, most freight containers leaving our German sites already reach North Sea ports by rail. Our container trains between Burghausen/Nünchritz and the ports of Bremerhaven and Hamburg replace around 18,000 road journeys a year. In 2010, we saved around 1,600 metric tons of carbon dioxide as a result.



WACKER's new Sustainability Report adheres completely to the guidelines set by the Global Reporting Initiative (GRI). GRI evaluated the report and accorded it an A, their highest report grade. Accessible at www.wacker.com/sustainabilityreport, the Report offers easy navigation and interactive functions, such as key-figure comparisons and download options. In the "Sustainability" section under www.wacker.com/sustainability, the Report is also available for download as a PDF file. To order the print version, please go to www.wacker.com/publications.

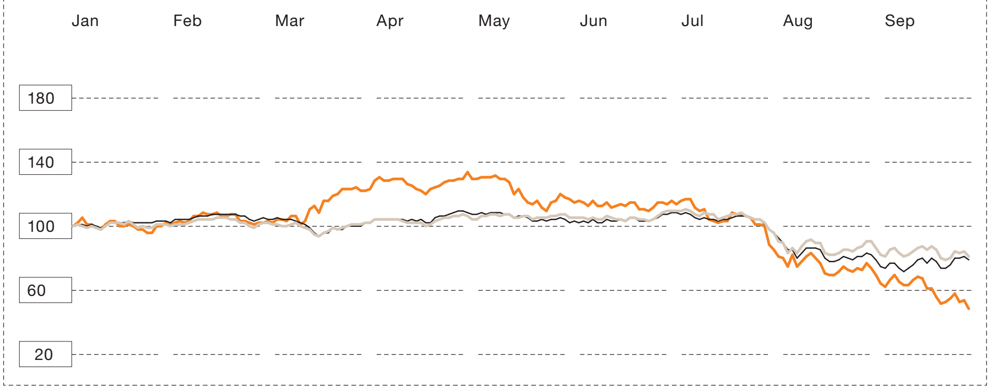
WACKER Stock

From July through September 2011, the debt and banking crisis in Europe intensified compared to the first half-year, and the world economy slowed. These two dominant factors influenced stock markets during the third quarter. Stock price movements from July through September reflected growing capital market uncertainty. Market participants are becoming increasingly pessimistic about whether enduring solutions can be found for the economic and financial problems in Europe and the USA. Germany's DAX and MDAX equity indices fell by about 25 percent in the three months from July through September, recording their worst losses since fall 2002. It was not until late September that stock markets stabilized somewhat. During the nine months to the end of Q3 2011, the DAX and MDAX declined by approximately 20 percent from their levels at the start of the year.

WACKER's share price entered the third quarter of 2011 at €147.45, but then came under increasing pressure. The economic slowdown and weaker market outlook, especially in the semiconductor and solar industries, have reduced the attractiveness of WACKER stock in the opinion of some analysts and investors. At the end of the quarter, WACKER's share price closed at €67.25, having lost half of its value over the three months. As of September 30, it was trading at just under 50 percent of its price at the start of 2011. While the stock had moved more or less in line with the DAX and MDAX in the first quarter of 2011 and clearly outperformed both indices in the second, the third quarter saw it losing more ground than the majority of DAX and MDAX companies. Speculation about slower photovoltaics growth and impending consolidation in the solar sector increasingly led analysts to voice skepticism about WACKER's business prospects during the reporting period.

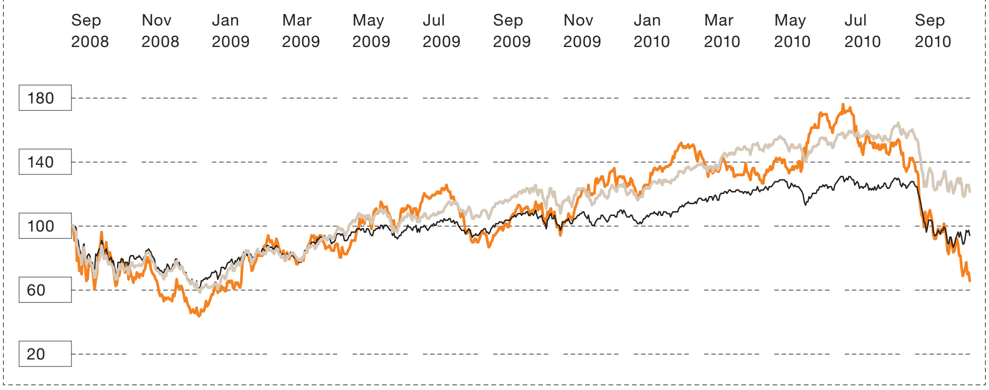
A look at historical prices over the past three years demonstrates that WACKER's share price has tended to move in line with the German benchmark indices. It has, however, shown higher volatility than the DAX and MDAX, as seen in both its upward and downward deviations from the general market trend. Over the three years, the WACKER stock's high was €172.80 (May 3, 2011) and its low €46.60 (March 6, 2009). During the same period, the DAX moved between a high of 7,527.64 points (May 2, 2011) and a low of 3,666.41 points (March 6, 2009). The MDAX ranged from a high of 11,187.04 points (July 7, 2011) to a low of 4,163.42 points (March 9, 2009).

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



WACKER[1] — DAX 30 — MDAX [1] 100 = €132.70 (closing price on January 3, 2011)

WACKER Share Performance from September 30, 2008, through September 30, 2011 (indexed to 100)[1]



WACKER[1] — DAX 30 — MDAX [1] 100 = €100.35 (closing price on September 30, 2008)

Facts & Figures on WACKER Stock

€	Q3 2011	9M 2011
Opening price at the start of the reporting period (July 1, 2011 and January 1, 2011)	147.45	132.70
High	151.05	172.80
Low	67.25	67.25
Closing price at the end of the reporting period (Sept. 30, 2011)	67.25	67.25
Change during the reporting period (%)	–54.4	–49.3
Average daily trading volume in shares/day (XETRA)	369,640	255,529
Market capitalization at the start of the reporting period (€ billion) (based on shares outstanding)	7.3	6.6
Market capitalization at the end of the reporting period (€ billion) (based on shares outstanding)	3.3	3.3
Earnings per share	2.50	8.76

Please refer to the 2010 Annual Report (pages 41 to 46) and the internet (www.wacker.com/investor-relations) for more details about WACKER's stock (e.g. the dividend, shareholder structure, banks and investment firms that monitor and rate WACKER, analyst estimates, and investor and analyst events held or attended by WACKER).

Report on the 3rd Quarter of 2011

July – September 2011

Dear Shareholders,

Sentiment in the business community has changed considerably in recent months. The optimism that shaped market observers' opinions and projections at the beginning of the year has vanished. Uncertainty about economic trends has returned, and investor skepticism is high.

During the third quarter of 2011, macroeconomic risks definitely intensified and this, in turn, has affected our business environment. Many of our customers are exercising caution when ordering. The prices of our key raw materials remain high, reducing our margins. The demand for our products, however, is as strong as ever in many areas. Although some market participants seem to be expecting a substantial downturn in our operations, we cannot see any indicators of this at the moment – either in our current business performance or in our level of incoming orders.

The outlook for the coming months is different in each of our divisions. Semiconductor volume growth and price developments in 2011 will not be as strong as expected mid-year. In contrast, our plant capacities for dispersible polymer powders and dispersions can barely keep pace with customer demand at the moment. Overall, business at our chemical divisions remains stable. Currently, we see no signs there of demand slowing down significantly beyond the usual seasonal effects of winter.

In the solar industry, customers downstream from us have experienced a massive increase in competition over recent months. Excess capacity is particularly high for solar wafers, cells and modules. There is growing evidence that a consolidation process is underway that will lead to market corrections.

We think WACKER is very well positioned in this consolidation process for several reasons. Falling prices for solar systems will make photovoltaics a more attractive and competitive energy source. In our opinion, this will mean a strongly rising market for solar systems in coming years, accompanied by similarly strong demand for polysilicon. Module manufacturers will not be able to withstand the tougher competitive pressure simply by lowering prices. They will also have to differentiate themselves by offering higher-quality products. In photovoltaics, providing higher quality means making modules that deliver maximum efficiency and energy yields. For such products, it is indispensable to use superior-quality polysilicon, something that only very few manufacturers apart from WACKER can supply at this time. As the leading polysilicon producer in terms of quality, technology and cost efficiency, we consider ourselves well equipped to maintain our competitive edge.

Business has developed well during the quarter. Our Q3 sales and earnings figures show that our strategy of making targeted investments in promising markets and product segments is bearing fruit, despite tougher underlying conditions. Our investment focus here is on expanding capacity for hyperpure polycrystalline silicon. At Nünchritz, our new facilities are already producing initial quantities for sale. Work on our new US facility in Charleston (Tennessee) is in full swing. At our other divisions, too, we are steadily developing our product portfolios and enhancing our market presence.

Our prime goal is to sustainably increase WACKER's competitiveness. The Group remains well positioned to meet market challenges and seize the opportunities that arise in our business fields and in the world's growth regions.

Munich, October 28, 2011
Wacker Chemie AG's Executive Board

Interim Group Management Report

Overall Economic Situation: World Economic Growth Losing Momentum

Following months of strong growth, the global economic climate began to cool down by mid-2011. Since the end of the second quarter of 2011, world economic growth has clearly become more sluggish. Market experts' assumptions regarding future economic developments fluctuate between normalization, cyclical decline and a possible recession. The situation in the real economy and in the financial markets is mainly influenced by the unresolved budget issues in the USA, by the continuing debt crisis in some European Union member states, and by structural risks in the banking sector.

In its latest World Economic Outlook, the International Monetary Fund (IMF) therefore reduced its growth forecast for the global economy to four percent for full-year 2011, revising downward its June prediction of 4.3 percent. According to the IMF, advanced nations are set to grow by 1.6 percent this year (June 2011: 2.2 percent). Developing and emerging markets are expected to increase their economic output by 6.4 percent (June 2011: 6.6 percent).[1]

Although growth in Asia slowed in recent months, it remains robust at a high level. The IMF expects an overall increase in this region's real gross domestic product of 6.2 percent for 2011. China, with a growth rate of 9.5 percent, and India, with 7.8 percent, remain the region's leaders. In Japan, there are increasing signs of economic recovery following the March earthquake. While Japan's full-year 2011 gross domestic product will fall by about 0.5 percent, supply-chain bottlenecks are now decreasing, and the economy is picking up.[1]

There is no sign of sustained economic recovery in the USA. Domestic demand is still affected by high unemployment, real-estate market risks, and a lack of confidence that fiscal health can be restored. According to IMF calculations, US gross domestic product is set to rise by only 1.5 percent this year.[1]

For the eurozone, the IMF revised its projections downward. It is now forecasting 1.6-percent economic growth for 2011, clearly below its previous estimate of 2.0 percent. According to the Organisation for Economic Co-Operation and Development (OECD), some eurozone countries may even experience a decline in output during Q4 2011.[1,2]

Based on current OECD figures, the pace of growth in Germany has varied greatly in 2011. A strong first quarter saw gross domestic product climbing 5.5 percent against Q4 2010. In contrast, economic momentum almost stalled in Q2, when growth slowed to just 0.5 percent. For Q3 2011, the OECD experts predict German GDP growth at 2.6 percent. In Q4 2011, however, they expect a decline of 1.4 percent.[2] According to IMF calculations, Germany's economy will see 2.7 percent growth in full-year 2011.[1]

[1] International Monetary Fund, WORLD ECONOMIC OUTLOOK September 2011: Slowing Growth, Rising Risk; Washington, September 2011
[2] OECD, What is the economic outlook for OECD countries? An interim assessment, Paris, September 8, 2011

The global chemical industry has not been immune to the world economic slowdown. According to the German Chemical Industry Association (VCI), demand for chemical products weakened in almost all the world's regions and markets during Q2 2011. Only China is still expanding strongly. In Japan, chemical output is recovering from the devastating earthquake much faster than expected. The VCI reported that worldwide chemical production in Q2 2011 grew by only 0.3 percent against the preceding quarter. Yet because growth in chemical production fell more strongly than expected in some countries during Q2, the VCI adjusted its 2011 forecast slightly downward. Global chemical production is now expected to grow by about 4.5 percent.[1]

As for Europe's chemical industry, the European Chemical Industry Council (CEFIC) has recently revised its forecast for increased output in 2011 to 2.5 percent. CEFIC has thus abandoned interim estimates of 4.5 percent and returned to its original projection made at the start of the year.[2]

In Germany, the VCI expects chemical production to grow by about five percent in full-year 2011. Despite a slower rate of expansion in Q2 2011, and even though chemical production was down 0.9 percent against the extremely strong first quarter, production was still 5.4 percent higher than in Q2 2010. At just over 86 percent, plant utilization at Germany's chemical companies remained high between April and June 2011.[1] In line with the sector's trend, customer demand remained at a good level in WACKER's chemical divisions during Q3 2011. Total third-quarter sales at the Group's three chemical divisions – WACKER SILICONES, WACKER POLYMERS and WACKER BIOSOLUTIONS – edged up one percent against Q3 2010, but were three percent lower than in Q2 2011.

According to the latest calculations by market research institute Gartner, global silicon-wafer sales volumes are set to rise by only 0.2 percent this year compared with 2010, reaching a surface-area volume of 9,743 million square inches (MSI). Previous expectations of 4.2-percent growth were corrected. The bottlenecks expected in the wake of the Japanese earthquake were less severe than forecast, and as a result, their impact on prices was limited. Overall, Gartner's experts predict that semiconductor sales will expand this year by about 1.6 percent to around US$10.7 billion.[3] Siltronic's semiconductor business experienced lower customer demand in Q3 2011. This was due to slackening demand for consumer-electronics products containing numerous chips, such as cellphones and computers. Sales volumes, total sales revenues, and earnings were lower than in the preceding two quarters.

According to a recent assessment by Credit Suisse analysts, significant excess solar-module capacity is expected in the photovoltaic industry. While Credit Suisse calculates global demand for photovoltaic capacity at 22.7 gigawatts for 2011, solar-module manufacturing capacity is geared to a volume of 27.9 gigawatts. As a result, Credit Suisse expects continuing price pressure on solar-grade materials and greater competition among producers. Germany and Italy remain the world's largest solar markets, with newly installed capacity of 6 and 5.5 gigawatts, respectively. Especially high 2011 growth rates are reported for new installations in countries such as China (277 percent), the USA (163 percent), France (108 percent) and Spain (98 percent).[4] In the current market environment, WACKER can draw strength from its quality, technology and cost leadership position in polysilicon production, and from its long-established strategy of focusing on multiyear contracts with all the world's major photovoltaic manufacturers. Virtually all the output from WACKER's existing polysilicon facilities and those under construction is now contractually secured through the end of 2015.

[1] VCI (German Chemical Industry Association), Quarterly Report: The business situation of the global chemical industry in the 2nd quarter 2011, Frankfurt, September 20, 2011
[2] The European Chemical Industry Council, Cefic revises downward 2011 forecast for EU chemicals sector output, Madrid, September 30, 2011
[3] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 3Q11 Update, Stamford (USA), September 2011
[4] Credit Suisse, Equity Research, Solar Snippet – Updating solar supply and demand model, September 20, 2011

Sales and Earnings for the WACKER Group: Reduced Growth Momentum Affects Business Performance

In Q3 2011, WACKER generated sales of €1,280.6 million, outperforming the strong prior-year quarter by almost one percent (Q3 2010: €1,269.5 million). The Group did not quite achieve the high sales levels of 2011's first two quarters (Q1: €1,291.7 million; Q2: €1,325.8 million). In the first nine months of 2011, WACKER posted aggregate sales of €3,898.1 million, a rise of ten percent (9M 2010: €3,538.5 million). WACKER POLYMERS and WACKER POLYSILICON were the primary contributors to this growth. Compared to the prior-year period, WACKER POLYMERS increased its nine-month sales by 15 percent and WACKER POLYSILICON by 20 percent.

Year-on-year sales growth stemmed mainly from volume gains (+1.3 percent) and higher prices (+2.4 percent) – for example, for dispersions and dispersible polymer powders. In contrast, the US dollar – which fell markedly in value compared to the prior year – reduced third-quarter sales by 2.8 percent. The average euro/US dollar exchange rate in Q3 2011 was 1.41 dollars to the euro (Q3 2010: 1.29). In Q3 2011, WACKER invoiced some 28 percent of its sales in dollars (Q3 2010: 33 percent). Compared to the US dollar, other foreign currencies are less important to the Group's activities.

Good Customer Demand and Plant Utilization

Growing uncertainty about future economic developments is prompting many customers to order with greater caution and restraint. Orders are increasingly being placed on a short-term basis, especially for silicones and semiconductors. Nevertheless, third-quarter demand for WACKER products was good at the Group's chemical divisions and at WACKER POLYSILICON. Key silicone and polymer product groups were sold in higher quantities in Q3 2011 than in the prior-year period. The dispersions business, for example, recorded double-digit growth in the third quarter. Polysilicon sales volumes, too, rose year on year. At Siltronic, though, third-quarter sales volumes were about five percent lower than a year ago.

In Q3 2011, plant utilization at WACKER SILICONES averaged just over 80 percent, slightly less than in the preceding quarter. Because of high customer demand, WACKER POLYMERS utilized its plants at an even higher rate than in the second quarter. The production facilities for dispersible polymer powders and dispersions were at times running at full capacity in Q3 2011. WACKER POLYSILICON's manufacturing plants operated at full capacity from July through September 2011. During the quarter, the first quantities of polysilicon from the new facilities at Nünchritz became available for sale. Compared to the first half-year, orders at Siltronic dropped, causing third-quarter plant utilization to fall as well. At the end of the quarter, Siltronic's plants were running at around two-thirds of overall capacity. Plant utilization was higher for 300 mm wafers than for smaller diameters.

The performance of each of WACKER's five divisions during the third quarter of 2011 is described in detail in the Division Results section of this Interim Report, starting on page 32.

Sales Edge Up in the Americas, Asia and Germany – Europe Below Prior-Year Level

In Q3 2011, WACKER increased year-on-year sales slightly in all regions, apart from Europe excluding Germany.

Asia accounted for sales of €484.7 million (Q3 2010: €466.6 million), again reinforcing its position as WACKER's largest market. The Group generated 38 percent of its total Q3 2011 sales in this region (Q3 2010: 37 percent). In the first nine months of 2011, Asian sales reached €1,456.4 million, up 15 percent (9M 2010: €1,262.3 million). In China alone (including Taiwan), WACKER sold goods and services amounting to €283.2 million in

Q3 2011 (Q3 2010: €275.6 million). For the first nine months, sales in China came in at €830.6 million (9M 2010: €736.6 million).

Third-quarter business in Germany also expanded, with WACKER posting sales of €237.6 million – about four percent more than a year ago (Q3 2010: €228.9 million). In the rest of Europe, however, sales fell seven percent year on year to €298.7 million (Q3 2010: €319.8 million). In the nine months from January through September 2011, sales in Germany totaled €727.6 million, up nine percent (9M 2010: €665.8 million). In the rest of Europe, WACKER generated aggregate sales of €940.1 million during the same period, up seven percent from a year ago (9M 2010: €877.7 million).

In the Americas, the Group posted third-quarter sales of €219.9 million (Q3 2010: €218.2 million) – up one percent, even though the US dollar was significantly weaker in Q3 2011 than in the prior-year quarter. In the nine months from January through September 2011, WACKER's sales in this region climbed to €652.2 million, a rise of six percent (9M 2010: €617.3 million).

In the markets listed under Other Regions, third-quarter sales amounted to €39.7 million (Q3 2010: €36.0 million). In the first nine months of 2011, sales in Other Regions totaled €121.8 million (9M 2010: €115.4 million).

Overall, WACKER generated about 81 percent of its third-quarter sales with customers outside Germany (Q3 2010: 82 percent).

Regional Breakdown of WACKER Group Sales

Group Sales by Region

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %	% of Group sales
Asia	484.7	466.6	4	1,456.4	1,262.3	15	38
Europe excluding Germany	298.7	319.8	–7	940.1	877.7	7	23
Germany	237.6	228.9	4	727.6	665.8	9	19
The Americas	219.9	218.2	1	652.2	617.3	6	17
Other regions	39.7	36.0	10	121.8	115.4	6	3
Total sales	**1,280.6**	**1,269.5**	**1**	**3,898.1**	**3,538.5**	**10**	**100**

Please refer to WACKER's 2010 Annual Report (pp. 54 and 55) for more detailed information on the Group's business and growth potential in the relevant markets, as well as on the respective market and competitive positions of Group divisions. There were no material changes in this respect during Q3 2011.

Third-Quarter Earnings at a Good Level Despite Far Higher Raw-Material Costs

WACKER's third-quarter earnings performance was held back by strong increases in raw-material costs, by unfavorable exchange rates and by start-up costs for further capacity expansion. From July through September 2011, WACKER achieved earnings before interest, taxes, depreciation and amortization (EBITDA) of €317.6 million, down seven percent against the previous year (Q3 2010: €340.0 million). Compared to Q2 2011 (€324.8 million), this is a shortfall of two percent. The Q3 2011 EBITDA margin was 24.8 percent (Q3 2010: 26.8 percent). In the first nine months of the year, Group EBITDA totaled €993.4 million, up more than ten percent (9M 2010: €902.3 million). The EBITDA margin for the nine-month period was 25.5 percent (9M 2010: 25.5 percent).

The main reason why earnings edged down against Q3 2010 was the higher price level for key raw materials and starting materials. Ethylene, for example, was nearly 20 percent more expensive in Q3 2011 than a year ago. Silicon metal was almost 30 percent more expensive. Vinyl acetate monomer, a key starting material in the manufacture of dispersions and dispersible polymer powders, went up by more than 30 percent compared to Q3 2010. In contrast, gas and electricity prices were only slightly higher than the prior-year level. In addition, as was the case in Q2 2011, start-up costs for commissioning the new polysilicon production facility at Nünchritz reduced third-quarter EBITDA.

Price-Increase Successes and Product-Portfolio Enhancements Bear Fruit

WACKER endeavors in diverse ways to enhance its product portfolio, to reinforce its regional presence in promising markets, and to improve its profitability through market-compatible price increases for individual products. For example, following successful price rises for selected products and markets in Q2 2011, WACKER POLYMERS announced at the end of September a price increase for vinyl-acetate-based dispersions in the Americas, effective mid-October.

To streamline its product portfolio, WACKER sold its activities in silicone-based release agents for tire manufacturing to Rhein Chemie Rheinau GmbH in early July. A subsidiary of Lanxess AG, Rhein Chemie acquired the rights to the respective product formulas, as well as the existing customer contracts and inventories for this business. In 2010, WACKER had generated tire release agent sales in the middle single-digit million range.

In mid-September, WACKER signed an agreement to expand its cooperation with SOLPRO Ltd., a Turkish silicone compounder and distributor. In addition to being a distributor for high-temperature-curing and room-temperature-curing silicones, SOLPRO now also produces specialty silicone rubber mixtures, so-called silicone compounds, for the Turkish market.

Q3 2011 EBIT Margin at 15.4 Percent

Group earnings before interest and taxes (EBIT) declined in Q3 2011 due to the aforementioned EBITDA-related effects and increased depreciation. At €197.2 million, EBIT was about 16 percent lower than in Q3 2010 (€234.3 million) and eight percent lower than in Q2 2011 (€215.1 million). A nine-month comparison, however, shows WACKER improving its EBIT by 11 percent to €658.2 million (9M 2010: €592.7 million). The EBIT margin was 15.4 percent for the third quarter of 2011 (Q3 2010: 18.5 percent) and 16.9 percent for the first nine months (9M 2010: 16.8 percent).

The profitability trend of each of WACKER's five divisions in Q3 2011, and the respective key factors involved, are described in detail in the Division Results section of this Interim Report, starting on page 32.

Sales and Earnings Performed as Expected during Q3 2011

WACKER's third-quarter sales and earnings performance was essentially in line with the expectations of the Group's Executive Board and management. WACKER's business generally slows down somewhat during the summer months. Last year, because of the strong economic upturn, that effect did not materialize. When presenting the Q2 2011 interim report, the Executive Board had forecast that global economic growth would taper off during the second half-year, and that WACKER would therefore not achieve the sales and earnings figures of the first half in subsequent quarters.

These expectations have proven to be correct. Third-quarter Group sales were nearly one percent below Q1 2011 and about three percent below Q2 2011. WACKER's third-quarter EBITDA was also lower than in the two preceding quarters – down ten percent compared to Q1 2011 and down two percent compared to Q2 2011.

Raw-material costs and the euro/US dollar exchange rate developed largely as forecast when the Executive Board presented the interim report for Q2 2011. The average euro/US dollar exchange rate from July through September 2011 was 1.41 dollars to the euro, close to its level in Q2 2011 (1.44). The prices for WACKER's key raw materials in Q3 2011 were considerably higher than a year ago.

At Siltronic, there had already been signs in the second quarter that the Japanese semiconductor industry would return to production earlier than anticipated following the March earthquake. As expected, the normalization of the supply situation in semiconductors dampened the positive sales and price effects of the first half-year. As a result, Siltronic reported lower sales volumes and revenues in Q3 2011. Siltronic's plant capacity utilization also fell during the quarter under review.

Earnings per Share at €2.50

The trends and factors presented in this report resulted in third-quarter net income of €124.9 million (Q3 2010: €155.8 million). In consequence, third-quarter earnings per share amounted to €2.50 (Q3 2010: €3.13). For the nine months from January through September 2011, net income came in at €435.6 million (9M 2010: €397.1 million), corresponding to earnings per share of €8.76 (9M 2010: €7.98).

Investments Continue to Focus on Polysilicon-Capacity Expansion

In Q3 2011, WACKER invested a total of €299.1 million, almost 40 percent more than a year ago (Q3 2010: €215.5 million). In the first nine months of 2011, asset additions totaled €644.0 million, an increase of 42 percent (9M 2010: €454.7 million).

Investments in Q3 2011 continued to focus on the expansion and construction of new hyperpure-polysilicon production facilities. More than half of third-quarter investments were for the polysilicon segment. Q3 capital expenditures also included the expansion of Siltronic's capacity for epitaxial wafers at Burghausen and the elimination of production bottlenecks in the other divisions.

The scheduled ramp-up of the Poly 9 facility at Nünchritz, Germany, is progressing well. Q3 2011 saw the first deposition reactors coming on stream and the first quantities of polysilicon produced for sale. Full nominal capacity of 15,000 metric tons/year is expected in the second quarter of 2012. In the US state of Tennessee, construction of the new polysilicon facility at Charleston has continued swiftly since ground-breaking in April of this year. In Q3 2011, construction began on the buildings for the different production stages there.

At Burghausen, in early July, WACKER started up several silicone-elastomer production lines for high-purity specialty silicones, encapsulation and coating compounds, and UV-activated silicones for the medical, LED and electronics sectors. Because of the especially high quality and purity requirements that apply to these products, cleanrooms that meet WACKER's new Clean Operations Standard were set up. Under this standard, the new facilities conform to quality and purity conditions that normally only apply in the semiconductor and pharmaceutical industries. Capital expenditures for these new production lines amounted to several million euros.

In southern India, WACKER expanded its local sales office in Chennai in August 2011, strengthening its presence on the subcontinent. The expansion enables WACKER not only to reinforce its position as the technology leader for high-quality silicone products and chemical raw materials, but also to provide customers and business partners with even better support and to spur new business in India's fast-growing markets.

Net Cash Flow Reflects High Investments

WACKER's net cash flow from July through September 2011 amounted to €34.5 million (Q3 2010: €192.4 million). For the nine months from January through September, net cash flow totaled €267.7 million (9M 2010: €302.5 million).

Third-quarter cash flow reflected the continued, high investments for polysilicon-capacity expansion and a decline in advance payments received. Cash inflow from operating activities totaled €296.9 million, over 30 percent less than a year ago (Q3 2010: €441.3 million). This decrease was due, among other things, to higher inventories and to lower year-on-year net income. The third-quarter balance of advance payments received was only marginally higher than on June 30, 2011.

For more information on cash flow, please refer to the comments about the statement of cash flows on pages 30 and 31 of this Interim Report.

Product Innovations and New Product Launches Underline WACKER's Technological Leadership

At €41.4 million, WACKER's third-quarter R&D expenses rose slightly (Q3 2010: €40.1 million). In the first nine months of the year, WACKER spent €127.3 million (9M 2010: €122.2 million) on R&D.

Corporate R&D's activities and the research and development fields of WACKER's divisions are described in detail on pages 95 to 98 of the Group's 2010 Annual Report. There were no major changes during Q3 2011.

In the third quarter of 2011, WACKER again presented or started selling a number of product innovations. Its new, food-grade liquid silicone rubbers exhibit extremely low-friction-coefficient surface properties and can be used for such applications as food-industry dosing valves. For medical applications, the Group is now offering a new bio-compatible silicone adhesive that is easy to process, achieves excellent adhesion and is ideal for permanently bonding components of medical devices, not least because of its outstanding mechanical strength. In addition, WACKER will be selling a new liquid silicone rubber for the manufacture of radiation-sterilized silicone valves for medical equipment.

At the beginning of July, this year's Alexander Wacker Innovation Award was presented to WACKER employees Dr. Anne Alber and Dr. Jan Kunert for their pioneering work in silicone synthesis. The two researchers have developed a novel analytical method that, for the first time, allows processes to be observed which occur during the fluid-bed synthesis of silicone precursors by the Müller-Rochow method. The Müller-Rochow synthesis is one of the Group's most important manufacturing processes. The new findings enable WACKER to further improve its production processes and thus save millions in costs.

Active PR Work Strengthens Trust in the Chemical Industry

2011 was proclaimed the International Year of Chemistry by the United Nations' General Assembly to highlight the accomplishments of chemistry and its contribution to the well-being of humanity. For its part, the German Chemical Industry Association called on the chemical industry across Germany to hold an open house on September 24, 2011. WACKER participated in this campaign. Under the slogan "A glimpse into our world," some 20,000 visitors took up the invitation to spend the day looking behind the scenes at WACKER's plants in Burghausen, Freiberg and Cologne. They were able to explore the exciting world of chemistry during plant tours, experiment demonstrations and product presentations.

In mid-August, Wacker Chemie AG published its latest Sustainability Report for 2009 and 2010. The Report not only covers traditional sustainability topics, such as environmental and health protection, workplace and plant safety, and sustainability management, but it also looks at topics like equal opportunity, demographics, work/life balance and international disaster aid. The facts and figures in the Sustainability Report illustrate that WACKER has made substantial progress in many areas that are of importance to sustainable business management. The Report conforms to the guidelines of the Global Reporting Initiative, and received the GRI's top report grade (Level A). The latest Sustainability Report is available online at www.wacker.com/sustainabilityreport.

Production-Capacity Expansion Raises Employee Numbers

Due to the continued expansion of production capacity and sales structures, WACKER's workforce is growing. As of September 30, 2011, WACKER had 17,133 employees worldwide (June 30, 2011: 16,834). Employee numbers were six percent higher than a year ago, and two percent more than at the end of Q2 2011.

On September 30, 2011, WACKER had 12,778 employees in Germany (June 30, 2011: 12,572) and 4,355 at its international sites (June 30, 2011: 4,262).

For further information on the organization and structure of Wacker Chemie AG, as well as on its corporate goals and strategy, please refer to the Business Environment section in the Annual Report for 2010 (pages 49 to 62). The principles, guidelines and processes described there continue to apply – and there were no major changes during the third quarter of 2011.

Condensed Statement of Income – Earnings

January 1 through September 30, 2011

Condensed Statement of Income

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Sales	1,280.6	1,269.5	0.9	3,898.1	3,538.5	10.2
Gross profit from sales	300.9	402.8	–25.3	1,061.9	1,045.9	1.5
Selling, R&D and general administrative expenses	–138.9	–132.9	4.5	–423.3	–399.5	6.0
Other operating income and expenses	33.3	–20.9	n.a.	32.2	–13.4	n.a.
Operating result	195.3	249.0	–21.6	670.8	633.0	6.0
Result from investments in joint ventures and associates	1.9	–14.7	n.a.	–12.6	–40.3	–68.7
EBIT	197.2	234.3	–15.8	658.2	592.7	11.1
Financial result	–9.3	–11.7	–20.5	–26.9	–24.0	12.1
Income before taxes	187.9	222.6	–15.6	631.3	568.7	11.0
Income taxes	–63.0	–66.8	–5.7	–195.7	–171.6	14.0
Net income for the period	124.9	155.8	–19.8	435.6	397.1	9.8
Of which						
Attributable to Wacker Chemie AG shareholders	124.2	155.4	–20.1	435.1	396.5	9.7
Attributable to non-controlling interests	0.7	0.4	75.0	0.5	0.6	–16.7
Earnings per share (€) (basic/diluted)	2.50	3.13	–20.1	8.76	7.98	9.8
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–
Reconciliation to EBITDA						
EBIT	197.2	234.3	–15.8	658.2	592.7	11.1
Write-downs/write-ups of noncurrent assets	120.4	105.7	13.9	335.2	309.6	8.3
EBITDA	317.6	340.0	–6.6	993.4	902.3	10.1

In the third quarter of 2011, WACKER raised its sales by just under one percent year on year. Earnings, by contrast, were diminished by higher raw-material costs and by start-up costs for the polysilicon facilities at Nünchritz.

Sales Climb to €1.28 Billion

At €1.28 billion, third-quarter sales were slightly higher than a year ago (Q3 2010: €1.27 billion). The sales figure for Q2 2011 (€1.33 billion) was not reached, however. In the nine months from January through September 2011, sales were up ten percent to €3.90 billion driven primarily by higher year-on-year sales volumes (9M 2010: €3.54 billion). Plant utilization was strong during the first three quarters of 2011. All of the business divisions generated higher sales in this nine-month period than during 9M 2010. The WACKER POLYMERS and WACKER POLYSILICON divisions posted higher sales in Q3 2011 than a year ago. Additional polysilicon volumes from Burghausen's expansion stage eight as well as quantity and price increases in dispersions improved business in these two segments.

EBITDA Reaches €318 Million in Q3

In Q3 2011, earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to €317.6 million, down seven percent from a year ago (Q3 2010: €340.0 million). The decline is attributable, among other things, to higher raw-material costs and to project-specific start-up costs for the polysilicon facilities at Nünchritz. In the nine months from January through September 2011, EBITDA totaled €993.4 million (9M 2010: €902.3 million), an increase of ten percent over last year's figure. Third-quarter earnings before interest and taxes (EBIT) fell 16 percent to €197.2 million (Q3 2010: €234.3 million). Depreciation increased by 14 percent during the same period. This is due primarily to the start-up of production facilities at WACKER POLYSILICON. EBIT for the first nine months of 2011 amounted to €658.2 million, up 11 percent over the same period last year.

Higher Cost of Goods Sold

The cost of goods sold in Q3 2011 amounted to €979.7 million (Q3 2010: €866.7 million), which corresponds to a cost-of-sales ratio of 77 percent (Q3 2010: 68 percent). The increase in the cost of goods sold is primarily due to the high price of silicon, ethylene and vinyl acetate monomer, and to the start-up costs of polysilicon production at Nünchritz. The cost of goods sold was also higher in the nine months through September 2011, rising 14 percent to €2.84 billion (9M 2010: €2.49 billion). As a result, the cost-of-sales ratio for the period was 73 percent (9M 2010: 70 percent).

Gross Profit from Sales

The elevated cost of goods sold led to a reduction in gross profit from sales for the quarter, which fell 25 percent to €300.9 million (Q3 2010: €402.8 million). For the nine months from January through September 2011, gross profit stood at €1.06 billion, a slight increase over last year's figure (9M 2010: €1.05 billion). Efficient plant utilization at most facilities enabled high fixed-cost coverage and low specific production costs. The third-quarter gross margin was 23 percent (Q3 2010: 32 percent), while the gross margin for the nine-month period was 27 percent (9M 2010: 30 percent).

Higher Functional Costs

In Q3 2011, other functional costs (selling, R&D and general administrative expenses) climbed by five percent to €138.9 million (Q3 2010: €132.9 million). The rise is mostly due to higher personnel expenses in all functional areas. From January through September 2011, other functional costs totaled €423.3 million, up six percent from a year ago (9M 2010: €399.5 million). Stronger sales volumes in the first nine months of 2011 were another reason why other functional costs were higher than in January–September 2010.

Other Operating Income and Expenses

The third-quarter balance of other operating income and expenses was clearly positive at €33.3 million (Q3 2010: €-20.9 million). For the first nine months, that balance was €32.2 million (9M 2010: €-13.4 million). This improvement was primarily due to the Group's foreign currency gain. Income from currency hedging partially offset the negative effects of the weaker US dollar. The foreign currency gain for the quarter was €24.1 million (Q3 2010: €-9.4 million). In the nine months through September 2011, the gain was €29.8 million (9M 2010: €-10.4 million). Sundry other operating income and expenses for the first nine months of 2011 resulted in a positive balance of €2.4 million (9M 2010: €-3.0 million).

Operating Result

Due to the effects mentioned, the third-quarter operating result fell by 22 percent to €195.3 million (Q3 2010: €249.0 million). The operating result for January through September 2011 was €670.8 million, up six percent from a year ago (9M 2010: €633.0 million).

Result from Investments in Joint Ventures and Associates

In Q3 2011, the result from investments in joint ventures and associates was €1.9 million (Q3 2010: €-14.8 million). For the first nine months of the year, this result amounted to €-12.6 million – an improvement of 69 percent over last year (9M 2010: €-40.4 million). Now that WACKER's joint venture with Dow Corning in China has come on stream, there were no start-up losses, which improved the result from investments in joint ventures and associates.

Financial Result

WACKER's financial result in the third quarter of 2011 improved by 21 percent from a year ago. The Q3 2011 figure was €-9.3 million (Q3 2010: €-11.7 million), while the January–September total amounted to €-26.9 million (9M 2010: €-24.0 million). The following factors affected the financial result in different ways. Interest income from the extensive portfolio of current and noncurrent securities and demand deposits had a positive impact on both the third quarter and the first nine months as a whole – the January–September total for these items was €12.4 million (9M 2010: €5.4 million). Interest expenses rose to €9.1 million during this period (9M 2010: €4.2 million). Capitalized construction-related borrowing costs of €9.0 million (9M 2010: €10.7 million) reduced the external interest cost. The other financial result for the period from January through September 2011 came in at €-30.2 million (9M 2010: €-25.2 million) and consisted primarily of the interest-bearing elements of pension and other noncurrent provisions.

Income Taxes

The tax rate in the first three quarters of 2011 was 31.0 percent (9M 2010: 30.2 percent). Income taxes consist primarily of current taxes paid on the Group's positive pre-tax net income, which in the period from January through September 2011 totaled €631.3 million, an increase of 11 percent over the previous year (9M 2010: €568.7 million). Income tax expense in the period under review was €195.7 million (9M 2010: €171.6 million).

Net Income

Third-quarter net income of €124.9 million fell short of the Q3 2010 figure (€155.8 million) by 20 percent. In contrast, net income for the nine months from January through September 2011 was ten percent higher than a year ago, rising by €38.5 million to €435.6 million (9M 2010: €397.1 million) due to the effects described above.

Condensed Statement of Financial Position – Net Assets

As of September 30, 2011

Assets

€ million	Sept. 30, 2011	Sept. 30, 2010	Change in %	Dec. 31, 2010	Change in %
Intangible assets, property, plant and equipment, and investment property	3,359.4	2,946.1	14.0	3,060.4	9.8
Investments in joint ventures and associates accounted for using the equity method	93.6	111.2	–15.8	111.7	–16.2
Other noncurrent assets	303.4	227.1	33.6	375.5	–19.2
Noncurrent assets	3,756.4	3,284.4	14.4	3,547.6	5.9
Inventories	659.0	512.8	28.5	530.7	24.2
Trade receivables	689.9	628.0	9.9	596.0	15.8
Other current assets	1,020.4	807.8	26.3	826.9	23.4
Current assets	2,369.3	1,948.6	21.6	1,953.6	21.3
Total assets	6,125.7	5,233.0	17.1	5,501.2	11.4

Equity and Liabilities

€ million	Sept. 30, 2011	Sept. 30, 2010	Change in %	Dec. 31, 2010	Change in %
Equity	2,698.9	2,341.6	15.3	2,446.8	10.3
Noncurrent provisions	751.1	778.3	–3.5	745.8	0.7
Financial liabilities	441.7	313.9	40.7	407.1	8.5
Other noncurrent liabilities	1,106.8	812.6	36.2	909.0	21.8
Of which advance payments received	1,062.4	777.5	36.6	869.9	22.1
Noncurrent liabilities	2,299.6	1,904.8	20.7	2,061.9	11.5
Financial liabilities	151.4	156.2	–3.1	126.3	19.9
Trade payables	380.4	283.3	34.3	335.2	13.5
Other current provisions and liabilities	595.4	547.1	8.8	531.0	12.1
Current liabilities	1,127.2	986.6	14.3	992.5	13.6
Liabilities	3,426.8	2,891.4	18.5	3,054.4	12.2
Total equity and liabilities	6,125.7	5,233.0	17.1	5,501.2	11.4

Total assets grew by €624.5 million to €6.13 billion, compared with €5.5 billion at the end of fiscal 2010. This 11-percent rise stems largely from the increased volume of business and from asset additions in the period under review. Net exchange-rate effects increased total assets by €6.5 million against 2010's year-end figure. Total assets were up 17 percent over September 30, 2010.

Noncurrent Assets

Noncurrent assets moved up six percent compared with year-end 2010, and accounted for 61 percent of total assets as of the September 30, 2011 reporting date. Intangible assets and property, plant and equipment increased by ten percent to €3.36 billion (Dec. 31, 2010: €3.06 billion) mainly because of asset additions. Over the period from January through September 2011, WACKER recorded investments in property, plant and equipment of €624.9 million (September 30, 2010: €383.5 million). This strong growth was driven mainly by the capital expenditures in the new polysilicon facilities at Nünchritz, which are currently being ramped up. Additional investment was directed to the new plant in Tennessee, which is scheduled for completion in 2013. Depreciation reduced property, plant and equipment by €327.2 million, compared with €302.9 million as of September 30, 2010.

Investments in associates accounted for using the equity method fell to €93.6 million in the first nine months of 2011 (Dec. 31, 2010: €111.7 million). This 16-percent drop is largely attributable to accumulated investment losses of €12.6 million, along with dividend payments and exchange-rate effects.

Other noncurrent assets fell in the period under review and totaled €303.4 million as of September 30, 2011 (Dec. 31, 2010: €375.5 million). Securities previously in the noncurrent class were reclassified as current during the first nine months, to reflect their maturities. As of September 30, 2011, WACKER reported noncurrent securities to the value of €136.4 million (Dec. 31, 2010: €210.8 million). Further items contained in other noncurrent assets included loans of €106.4 million to associated companies (Dec. 31, 2010: €88.8 million), noncurrent derivative financial instruments totaling €8.2 million (Dec. 31, 2010: €16.9 million), and also tax receivables and deferred tax assets.

Current Assets

Current assets rose by €415.7 million to €2.37 billion (Dec. 31, 2010: €1.95 billion), an increase of 21 percent. The stronger operating performance is the main factor behind this increase. Due to higher sales levels, trade receivables gained 16 percent to reach €689.9 million. Inventories grew by €128.3 million to €659.0 million. That is 24 percent more than at the end of fiscal 2010. Inventories and trade receivables together made up 22 percent of total assets at the balance sheet date, an increase of two percentage points compared with the end of fiscal 2010.

Other current assets also rose against year-end 2010, climbing €193.5 million to €1.02 billion. This gain of 23 percent was prompted mainly by the reclassification of noncurrent securities. In the period under review, WACKER invested around €140 million of its liquidity in current and noncurrent securities. These liquid reserves will be available for use in long-term investment projects, for example. Cash and cash equivalents of €611.8 million at the end of Q3 2011 were €66.6 million higher than at the end of fiscal 2010 (€545.2 million). The other current assets include derivative financial instruments totaling €30.8 million and investment-grant receivables of €73.2 million. Other current assets represented 17 percent of total assets.

Group Equity Increases

Compared with December 31, 2010, Group equity rose ten percent to €2.70 billion. That equates to an equity ratio of 44.1 percent, which has remained unchanged since year-end 2010. The net income for the period of €435.6 million caused equity to rise. In contrast, equity was reduced by a dividend payment of €160.1 million and exchange-rate effects of €13.7 million. Changes in the fair value of derivative financial instruments narrowed equity by a further €8.8 million.

Noncurrent Liabilities

Noncurrent liabilities climbed from €2.06 billion at the end of 2010 to €2.30 billion, a rise of 12 percent. Noncurrent liabilities now account for 38 percent of total equity and liabilities. Provisions for pensions grew seven percent to €507.8 million. Other noncurrent provisions fell to €184.7 million (Dec. 31, 2010: €227.6 million) following declining provisions for phased early retirement and the reclassification of other noncurrent operating provisions as current. Other noncurrent liabilities included advance payments, which rose by €192.5 million compared with December 31, 2010 to €1.06 billion, representing 17 percent of total equity and liabilities. Advance payments received increased further in the nine months under review as a result of additional cash payments by customers.

Noncurrent financial liabilities edged up to €441.7 million at the reporting date (Dec. 31, 2010: €407.1 million). One investment loan was renegotiated and extended in Q1 2011, and thus moved from the current to the noncurrent category. Additions from finance-lease obligations also increased noncurrent financial liabilities.

Current Liabilities

Current liabilities climbed 14 percent to €1.13 billion (Dec. 31, 2010: €992.5 million) and now make up 18 percent of total equity and liabilities. As of September 30, 2011, trade payables totaled €380.4 million, an increase of 14 percent compared with year-end 2010. High capital expenditures and strong business volume in the period under review are the main reasons for this rise. Current provisions grew from €147.4 million at the end of 2010 to €172.0 million because some noncurrent provisions were reclassified as current. Other current liabilities grew from €367.0 million to €408.2 million in the period under review. The main factors behind this development were the reclassification of advance payments received as current liabilities, along with higher personnel liabilities for vacation and flexitime credits. The other current liabilities also include investment grants received for the investment project in Tennessee.

Current financial liabilities grew by €25.1 million compared with year-end 2010. Opposing factors were at work here. Current financial liabilities were reduced by the reclassification of extended loans as noncurrent. In contrast, newly raised loans, for example in China, increased this item. Overall, financial liabilities rose by 11 percent against December 31, 2010 and totaled €593.1 million as of September 30, 2011 (Dec. 31, 2010: €533.4 million). Current liquidity (current securities, cash and cash equivalents) showed a substantial increase of €234.1 million on year-end 2010, rising to €820.7 million. In addition, noncurrent securities valued at €136.4 million (Dec. 31, 2010: €210.8 million) are available as liquid reserves. Consequently, WACKER has net financial receivables (the balance of gross financial debt and noncurrent and current liquidity) totaling €364.0 million (Dec. 31, 2010: €264.0 million). Expenditures related to the high investment volume reduced liquidity over the first nine months of the current fiscal year. The dividend payout led to a cash outflow of €160.1 million, while cash inflows from advance payments and payments from operations improved liquidity in the period under review.

Off-Balance-Sheet Financing Instruments

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

Condensed Statement of Cash Flows – Financial Position

January 1 through September 30, 2011

Condensed Statement of Cash Flows

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Net income for the period	124.9	155.8	–19.8	435.6	397.1	9.7
Write-downs/write-ups of noncurrent assets	120.4	105.7	13.9	335.2	309.6	8.3
Changes in inventories	–45.8	–20.9	>100	–136.6	–36.3	>100
Changes in trade receivables	7.4	19.1	–61.3	–87.0	–129.7	–32.9
Changes in other assets	21.8	–1.8	n.a.	43.7	–12.4	n.a.
Change in advance payments made and received	11.3	60.7	–81.4	226.6	29.5	>100
Non-cash changes from equity accounting	–1.4	15.1	n.a.	14.2	41.1	–65.5
Other non-cash expenses, income and other items	58.3	107.6	–45.8	53.6	182.3	–70.6
Cash flow from operating activities (gross cash flow)	296.9	441.3	–32.7	885.3	781.2	13.3
Payments for acquisitions	–	–66.1	–100.0	–	–66.1	–100.0
Payments for investments (net)	–237.1	–182.8	29.7	–590.9	–412.6	43.2
Cash flow from noncurrent investment activities before securities	–237.1	–248.9	–4.7	–590.9	–478.7	23.4
Acquisition/disposal of securities	–11.7	1.4	n.a.	–93.1	–40.8	>100
Cash flow from investment activities	–248.8	–247.5	0.5	–684.0	–519.5	31.7
Distribution of profit from prior-year net income	–1.1	–0.7	57.1	–160.1	–60.3	>100
Changes in financial liabilities	–2.1	–8.3	–74.7	23.9	10.5	>100
Cash flow from financing activities	–3.2	–9.0	–64.4	–136.2	–49.8	>100
Changes due to exchange-rate fluctuations	4.8	–2.3	n.a.	1.5	5.8	–74.1
Changes in cash and cash equivalents	49.7	182.5	–72.8	66.6	217.7	–69.4
At the beginning of the period	562.1	398.8	40.9	545.2	363.6	49.9
At the end of the period	611.8	581.3	5.2	611.8	581.3	5.2

Net Cash Flow

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Cash flow from operating activities (gross cash flow)	296.9	441.3	–32.7	885.3	781.2	13.3
Cash flow from noncurrent investment activities before securities	–237.1	–248.9	–4.7	–590.9	–478.7	23.4
Additions from finance leases	–25.3	–	n.a.	–26.7	–	n.a.
Net cash flow (incl. additions from finance leases)	34.5	192.4	–82.1	267.7	302.5	–11.5

Gross Cash Flow

At €885.3 million, nine-month cash flow from operating activities surpassed even the previous year's strong figure (9M 2010: €781.2 million). Net income for the period rose by €38.5 million to €435.6 million (9M 2010: €397.1 million). Depreciation also increased during the period under review, rising €25.6 million to €335.2 million (9M 2010: €309.6 million). The combined effect was an improvement of €64.1 million in gross cash flow. Higher cash inflows from advance payments received for future polysilicon deliveries improved gross cash flow by €197.1 million. The previous year had featured significantly lower advance payments received than in this period. By contrast, changes in working capital reduced gross cash flow. Above all, the buildup of inventories decreased cash inflow from operating activities by €136.6 million (9M 2010: €-36.3 million).

Cash Flow from Investment Activities

In the first nine months of the current fiscal year, cash flow from long-term investment activity was characterized by high investments in property, plant and equipment. In particular, the construction of the polysilicon site at Charleston (Tennessee, USA) and the completion of the polysilicon facilities at Nünchritz entailed investment spending of €592.0 million (9M 2010: €415.6 million). In 2010, funds had focused on the development of new polysilicon capacity. WACKER's acquisition of a silicon-metal plant in Norway in Q3 2010 had involved expenditures totaling €66.1 million.

In addition, cash flow from investment activities included expenditures of €133.1 million for financial investments. In the period under review, WACKER invested a portion of its liquidity in current and noncurrent securities with terms of over three months. Securities falling due produced a cash inflow of €40.0 million.

Net Cash Flow

Net cash flow (the difference between cash inflow from operating activities and cash outflow from noncurrent investment activities) amounted to €267.7 million in the first nine months of 2011 (9M 2010: €302.5 million). This figure takes additions from finance leases into account. To coincide with the production start of the polysilicon facilities at Nünchritz, a supply plant valued at €25.3 million was capitalized as a finance lease.

Cash Flow from Financing Activities

The nine-month cash flow from financing activities reached €-136.2 million (9M 2010: €-49.8 million). It was mainly determined by the distribution of €159.0 million in Wacker Chemie AG dividends for fiscal 2010. The increase in cash and cash equivalents compared to December 31, 2010 was €66.6 million (9M 2010: €217.7 million), taking the total to €611.8 million.

Division Results

January 1 through September 30, 2011

Sales

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
WACKER SILICONES	405.2	421.3	–3.8	1,236.8	1,194.8	3.5
WACKER POLYMERS	257.9	225.8	14.2	713.0	621.1	14.8
WACKER BIOSOLUTIONS	34.1	37.0	–7.8	110.8	109.7	1.0
WACKER POLYSILICON	378.2	349.5	8.2	1,191.8	994.9	19.8
SILTRONIC	255.3	280.4	–9.0	812.4	755.3	7.6
Corporate functions/Other	45.2	39.6	14.1	130.5	109.0	19.7
Consolidation	–95.3	–84.1	13.3	–297.2	–246.3	20.7
Group sales	1,280.6	1,269.5	0.9	3,898.1	3,538.5	10.2

EBIT

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
WACKER SILICONES	32.2	59.7	–46.1	120.1	160.4	–25.1
WACKER POLYMERS	30.3	30.0	1.0	70.7	69.7	1.4
WACKER BIOSOLUTIONS	1.4	3.8	–63.2	12.0	12.9	–7.0
WACKER POLYSILICON	130.1	153.3	–15.1	456.3	414.4	10.1
SILTRONIC	10.9	8.0	36.3	40.1	–17.6	n.a.
Corporate functions/Other	–5.5	–22.3	–75.3	–38.8	–46.6	–16.7
Consolidation	–2.2	1.8	n.a.	–2.2	–0.5	>100
Group EBIT	197.2	234.3	–15.8	658.2	592.7	11.1

EBITDA

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
WACKER SILICONES	52.0	77.9	–33.2	177.2	213.3	–16.9
WACKER POLYMERS	39.2	39.7	–1.3	97.2	97.6	–0.4
WACKER BIOSOLUTIONS	3.1	5.5	–43.6	16.9	18.1	–6.6
WACKER POLYSILICON	179.4	189.9	–5.5	582.3	522.0	11.6
SILTRONIC	33.6	31.6	6.3	107.7	50.8	>100
Corporate functions/Other	12.5	–6.4	n.a.	14.3	1.0	>100
Consolidation	–2.2	1.8	n.a.	–2.2	–0.5	>100
Group EBITDA	317.6	340.0	–6.6	993.4	902.3	10.1

Reconciliation with Segment Results

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
EBIT of reporting segments	204.9	254.8	–19.6	699.2	639.8	9.3
Corporate functions/Other	–5.5	–22.3	–75.3	–38.8	–46.6	–16.7
Consolidation	–2.2	1.8	n.a.	–2.2	–0.5	>100
Group EBIT	197.2	234.3	–15.8	658.2	592.7	11.1
Financial result	–9.3	–11.7	–20.5	–26.9	–24.0	12.1
Income before taxes	187.9	222.6	–15.6	631.3	568.7	11.0

WACKER SILICONES

WACKER SILICONES

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Sales						
External sales	402.7	416.3	–3.3	1,226.6	1,181.4	3.8
Internal sales	2.5	5.0	–50.0	10.2	13.4	–23.9
Total sales	405.2	421.3	–3.8	1,236.8	1,194.8	3.5
EBIT	32.2	59.7	–46.1	120.1	160.4	–25.1
EBIT margin (%)	7.9	14.2	–	9.7	13.4	–
Write-downs/write-ups	19.8	18.2	8.8	57.1	52.9	7.9
EBITDA	52.0	77.9	–33.2	177.2	213.3	–16.9
EBITDA margin (%)	12.8	18.5	–	14.3	17.9	–
Investments	21.8	90.9	–76.0	63.0	133.6	–52.8
As of	Sept. 30, 2011	June 30, 2011		Sept. 30, 2011	Dec. 31, 2010	
Number of employees	3,995	3,973	0.6	3,995	3,892	2.6

In the third quarter of 2011, WACKER SILICONES generated total sales of €405.2 million, just under four percent below both Q3 2010 (€421.3 million) and Q2 2011 (€421.1 million). The weak US dollar was a major factor in sales not quite matching the prior-year figure. Additionally, slightly lower prices left their mark on some market segments – for example, silicone rubbers for industrial applications and silicone polymers for the construction and chemical sectors. For the nine months to September 2011, WACKER SILICONES' aggregate sales came in at €1,236.8 million, climbing almost four percent year over year (9M 2010: €1,194.8 million).

Customer Demand Slows Slightly

Customer demand slowed slightly in the third quarter. Silicones for the energy, electronic and medical sectors performed well, as did pyrogenic silica for coatings and adhesives. However, customers ordered more cautiously and at shorter notice in the third quarter than during the first half of 2011. As a result, the book-to-bill ratio decreased. While third-quarter sales in Asia were five percent higher than a year ago, the figures for the other major sales regions did not match the Q3 2010 totals. The largest decline was in the Americas (down ten percent).

During Q3 2011, plant utilization at the division averaged more than 80 percent. As previously announced, pyrogenic-silica production at the former site in Kempten was closed down in the third quarter of 2011. Production volumes have been transferred to existing facilities at Burghausen and Nünchritz.

In Q3 2011, WACKER SILICONES was only able to partly counter the strong year-on-year rise in raw-material costs by increasing its prices. Compared to the previous year, the cost of silicon metal rose almost 30 percent and methanol more than ten percent. As a result, the division's earnings before interest, taxes, depreciation and amortization were just over 33 percent down on the previous year, at €52.0 million (Q3 2010: €77.9 million). The proceeds from selling the business of silicone-based tire release agents had a positive impact on third-quarter EBITDA. In contrast, WACKER SILICONES' profitability was held back by slightly lower utilization rates at some production plants compared with the preceding quarter. Overall, the division outperformed the second quarter's figure (€50.1 million) by four percent. EBITDA for the first three quarters of 2011 was €177.2 million, down 17 percent year on year (9M 2010: €213.3 million). The EBITDA margin was 12.8 percent for the third quarter (Q3 2010: 18.5 percent) and 14.3 percent for the first nine months (9M 2010: 17.9 percent).

Investments in New Production Capacities

In Q3 2011, WACKER SILICONES invested €21.8 million (Q3 2010: €90.9 million) in expanding its production capacities and sales structures. WACKER had acquired a silicon-metal plant in Norway in the prior-year quarter. The purchase price of €66.5 million is included in investments for that period. At Burghausen, WACKER commissioned several production lines for hyperpure silicone elastomers for the medical, LED and electronics industries at the start of July 2011. August 2011 saw WACKER increase its presence in India with the expansion of its sales office in Chennai. In September 2011, the division extended its partnership with SOLPRO, a Turkish silicones compounder and distributor.

As of September 30, 2011, WACKER SILICONES had 3,995 employees (June 30, 2011: 3,973).

WACKER POLYMERS

WACKER POLYMERS € million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Sales						
External sales	249.6	220.4	13.2	691.1	605.3	14.2
Internal sales	8.3	5.4	53.7	21.9	15.8	38.6
Total sales	257.9	225.8	14.2	713.0	621.1	14.8
EBIT	30.3	30.0	1.0	70.7	69.7	1.4
EBIT margin (%)	11.7	13.3	–	9.9	11.2	–
Write-downs/write-ups	8.9	9.7	– 8.2	26.5	27.9	– 5.0
EBITDA	39.2	39.7	–1.3	97.2	97.6	– 0.4
EBITDA margin (%)	15.2	17.6	–	13.6	15.7	–
Investments	8.3	3.1	>100	17.3	8.1	>100
As of	Sept. 30, 2011	June 30, 2011		Sept. 30, 2011	Dec. 31, 2010	
Number of employees	1,413	1,396	1.2	1,413	1,377	2.6

Due to high demand for dispersions and dispersible polymer powders, WACKER POLYMERS posted a substantial increase in third-quarter sales. Totaling €257.9 million, sales rose 14 percent against Q3 2010 (€225.8 million) and just over three percent against Q2 2011 (€249.7 million). WACKER POLYMERS' business benefited from a strong increase in sales volumes and higher product prices. From January through September 2011, the division posted aggregate sales of €713.0 million – a rise of 15 percent (9M 2010: €621.1 million). The quarter under review saw significantly higher sales revenues and volumes in all regions compared with 2010 levels. Sales revenue grew by over 20 percent in the Americas and the countries listed under "Other regions."

Dynamic Sales-Volume Trend

Sales volumes made particularly lively progress in the carpet and paper sectors, where WACKER's vinyl acetate-ethylene dispersions are increasingly replacing other technologies. By the end of the quarter, worldwide plant utilization at WACKER POLYMERS was approaching capacity limits. The plants for dispersions, which are used, for instance, in the paper, carpet, textile and adhesive sectors, are currently running at full capacity.

The division's third-quarter earnings before interest, taxes, depreciation and amortization came in at €39.2 million, around one percent below Q3 2010 (€39.7 million). WACKER POLYMERS increased its EBITDA by almost 23 percent on Q2 2011 (€32.0 million). Profitability was held back by the much higher prices for ethylene and vinyl acetate monomer (VAM). Compared to a year ago, the cost of ethylene rose by almost 20 percent and VAM by more than 30 percent. The division, however, managed to absorb at least some of the cost burden through higher prices for its own products. Its July-through-September EBITDA margin was 15.2 percent (Q3 2010: 17.6 percent). For the first nine months of the year, EBITDA reached €97.2 million (9M 2010: €97.6 million), yielding an EBITDA margin of 13.6 percent (9M 2010: 15.7 percent).

WACKER POLYMERS' third-quarter capital expenditures amounted to €8.3 million (Q3 2010: €3.1 million). Investments focused on eliminating bottlenecks at production facilities.

As of September 30, 2011 WACKER POLYMERS had 1,413 employees (June 30, 2011: 1,396).

WACKER BIOSOLUTIONS

WACKER BIOSOLUTIONS

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Sales						
External sales	33.6	35.4	–5.1	105.3	106.0	–0.7
Internal sales	0.5	1.6	–68.8	5.5	3.7	48.6
Total sales	34.1	37.0	–7.9	110.8	109.7	1.0
EBIT	1.4	3.8	–63.2	12.0	12.9	–7.0
EBIT margin (%)	4.1	10.3	–	10.8	11.8	–
Write-downs/write-ups	1.7	1.7	–	4.9	5.2	–5.8
EBITDA	3.1	5.5	–43.6	16.9	18.1	–6.6
EBITDA margin (%)	9.1	14.9	–	15.3	16.5	–
Investments	3.1	1.3	>100	4.8	5.2	–7.7
As of	Sept. 30, 2011	June 30, 2011		Sept. 30 2011	Dec. 31, 2010	
Number of employees	354	359	–1.4	354	363	–2.5

WACKER BIOSOLUTIONS achieved total sales of €34.1 million in Q3 2011. This is around eight percent less than a year ago (Q3 2010: €37.0 million) and just under 13 percent lower than in Q2 2011 (€39.0 million). The main reason why the division did not match either its prior-year or preceding-quarter figures was low capacity utilization at certain production facilities, in line with business levels. WACKER BIOSOLUTIONS' aggregate sales for the first nine months of the year amounted to €110.8 million (9M 2010: €109.7 million).

In pharmaceutical proteins, the third quarter saw the division reach important milestones in several customer projects and acquire new customers. The specialty silanes business for pharmaceutical applications also made good progress during the reporting period. In contrast, demand for acetylacetone and gumbase was weaker. Prices for some of the division's products were more than ten percent higher year on year.

EBITDA below Prior-Year Level

Due to weaker demand in some product segments and the aforementioned underutilization of several plants, the division's third-quarter earnings before interest, taxes, depreciation and amortization fell well short of the figures for the prior-year period and the preceding quarter. WACKER BIOSOLUTIONS posted EBITDA of €3.1 million for July through September 2011 (Q3 2010: €5.5 million). In the second quarter of 2011, the division had achieved EBITDA of €8.6 million. WACKER BIOSOLUTIONS' third-quarter EBITDA margin fell correspondingly to 9.1 percent (Q3 2010: 14.9 percent). In the nine months to September 2011, divisional EBITDA amounted to €16.9 million (9M 2010: €18.1 million). This is equivalent to an EBITDA margin of 15.3 percent (9M 2010: 16.5 percent).

In Q3 2011, WACKER BIOSOLUTIONS invested €3.1 million (Q3 2010: €1.3 million), the focus being on plant expansions.

The number of employees at WACKER BIOSOLUTIONS was 354 on September 30, 2011 (June 30, 2011: 359).

WACKER POLYSILICON

WACKER POLYSILICON € million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Sales						
External sales	323.1	303.4	6.5	1,017.0	852.1	19.4
Internal sales	55.1	46.1	19.5	174.8	142.8	22.4
Total sales	378.2	349.5	8.2	1,191.8	994.9	19.8
EBIT	130.1	153.3	−15.1	456.3	414.4	10.1
EBIT margin (%)	34.4	43.9	–	38.3	41.7	–
Write-downs/write-ups	49.3	36.6	34.7	126.0	107.6	17.1
EBITDA	179.4	189.9	−5.5	582.3	522.0	11.6
EBITDA margin (%)	47.4	54.3	–	48.9	52.5	–
Investments	183.8	74.8	>100	391.0	198.8	96.7
As of	Sept. 30, 2011	June 30, 2011		Sept. 30 2011	Dec. 31, 2010	
Number of employees	2,184	1,929	13.2	2,184	1,763	23.9

Higher production and sales volumes increased WACKER POLYSILICON's total third-quarter sales to €378.2 million – up eight percent against Q3 2010 (€349.5 million). Sales were about five percent lower than in the preceding quarter (Q2 2011: €399.2 million). For the nine months from January through September 2011, aggregate sales reached €1,191.8 million (9M 2010: €994.9 million). This represents an increase of 20 percent on the comparable prior-year figure.

Despite extreme overcapacity and initial consolidation in the downstream value-added stages of the solar industry (wafers, cells, modules), demand for the division's high-quality polysilicon remained very high in the period under review. WACKER POLYSILICON sold more polysilicon between July and September 2011 than a year ago. In particular, the volumes supplied to customers in Asia under multiyear contracts rose substantially. Following a marked downturn in the first half of 2011, spot market prices remained largely stable from July to mid-September 2011. The level of advance payments from customers rose only slightly compared with Q2 2011.

Production at Full Capacity

WACKER POLYSILICON fully utilized all available plant capacities from July through September 2011. The scheduled ramp-up of its Nünchritz facilities is making good progress. The third quarter saw the first deposition reactors come on stream, as well as the sale of the quantities produced.

WACKER POLYSILICON generated third-quarter earnings before interest, taxes, depreciation and amortization of €179.4 million. The figure is six percent lower than in Q3 2010 (€189.9 million) and around five percent below Q2 2011 (€188.2 million). The decline mainly stems from start-up costs for the expansion of production capacities in Nünchritz. The third-quarter EBITDA margin reached 47.4 percent (Q3 2010: 54.3 percent). From January through September 2011, WACKER POLYSILICON generated EBITDA of €582.3 million, 12 percent more than a year earlier (9M 2010: €522.0 million). The EBITDA margin for the first nine months of 2011 is 48.9 percent (9M 2010: 52.5 percent).

High Investment Level

WACKER POLYSILICON's investments for the three months from July through September amounted to €183.8 million (Q3 2010: €74.8 million). Expenditures were mainly for the construction and expansion of new polysilicon facilities at Nünchritz and Charleston. Additional funds went to the previously announced expansion of production at Burghausen. The scheduled ramp-up of the production facilities at Nünchritz is progressing well, with full annual capacity of 15,000 metric tons expected in Q2 2012. The construction of the new integrated production site in Tennessee (USA) is also in full swing and on schedule.

WACKER POLYSILICON's new and expanded production capacities have led to a further increase in employee numbers. The division had 2,184 employees as of the September 30, 2011 reporting date (June 30, 2011: 1,929).

SILTRONIC

SILTRONIC

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Sales						
External sales	253.5	278.5	–9.0	807.6	750.9	7.6
Internal sales	1.8	1.9	–5.3	4.8	4.4	9.1
Total sales	255.3	280.4	–9.0	812.4	755.3	7.6
EBIT	10.9	8.0	36.3	40.1	–17.6	n.a.
EBIT margin (%)	4.3	2.9	–	4.9	–2.3	–
Write-downs/write-ups	22.7	23.6	–3.8	67.6	68.4	–1.2
EBITDA	33.6	31.6	6.3	107.7	50.8	>100
EBITDA margin (%)	13.2	11.3	–	13.3	6.7	–
Investments	34.6	14.0	>100	81.1	37.8	>100
As of	Sept. 30, 2011	June 30, 2011		Sept. 30 2011	Dec. 31, 2010	
Number of employees	4,989	5,026	–0.7	4,989	5,025	–0.7

In Q3 2011, Siltronic generated total sales of €255.3 million, a drop of nine percent against Q3 2010 (€280.4 million). The division fell short of the preceding quarter's figure by just under eight percent (Q2 2011: €276.9 million). Third-quarter business was influenced by weaker sales volumes, which were some five percent lower than a year ago, and by the strength of the euro against the US dollar. For the nine months to September 2011, Siltronic posted sales of €812.4 million. Compared with the prior-year figure, that is a rise of just under eight percent (9M 2010: €755.3 million).

Customer orders edged down in the period under review. The Japanese semiconductor manufacturers managed to get their plants up and running again faster than had at first been expected following the March 2011 earthquake. As a result, the supply situation on world markets has returned to normal. The positive demand and price effects that benefited Siltronic in the first half of 2011 thus no longer apply. During Q3 2011, plant utilization at Siltronic decreased in line with customer ordering patterns. At the end of the quarter, Siltronic's plants were generally operating at around two-thirds of capacity. Utilization levels for 300 mm wafer facilities during the quarter were higher than for smaller diameters.

EBITDA above Prior-Year Level

Siltronic's third-quarter earnings before interest, taxes, depreciation and amortization reached €33.6 million, a rise of six percent year on year (Q3 2010: €31.6 million). Compared to the preceding quarter, though, EBITDA fell around ten percent (Q2 2011: €37.3 million). Siltronic achieved slightly higher average prices for 300 mm and 200 mm wafers than in the preceding quarter. However, this did not quite compensate for the revenue effects of lower sales volumes and higher production costs stemming from reduced capacity utilization. The EBITDA margin for Q3 2011 was 13.2 percent (Q3 2010: 11.3 percent). Over the nine months from January through September 2011, Siltronic's total EBITDA was €107.7 million (9M 2010: €50.8 million). The corresponding EBITDA margin was 13.3 percent (9M 2010: 6.7 percent).

During Q3 2011, Siltronic invested €34.6 million (Q3 2010: €14.0 million). Investment priorities included new production facilities for epitaxial wafers at Burghausen and the further expansion of the 300 mm wafer joint venture with Samsung Electronics in Singapore.

As of September 30, 2011, Siltronic had 4,989 employees (June 30, 2011: 5,026).

Other

In Q3 2011, sales posted under “Other” totaled €45.2 million (Q3 2010: €39.6 million). Aggregate January-through-September sales came in at €130.5 million (9M 2010: €109.0 million).

“Other” EBITDA for the third quarter was €12.5 million (Q3 2010: €-6.4 million) and €14.3 million for the nine months to September 2011 (9M 2010: €1.0 million).

As of September 30, 2011, the “Other” segment had 4,198 employees (June 30, 2011: 4,151). WACKER reports, for example, site management and infrastructure-unit employees at Burghausen and Nünchritz under this segment.

Risks and Opportunities

The WACKER Group Is Well Positioned to Overcome Current Market Challenges and to Seize Opportunities

Weaker growth in the world economy influences WACKER's performance. With growth lower, the book-to-bill ratio has diminished. This, for instance, applies to WACKER's silicone business. As for semiconductors, wafer demand is slowing. Consequently, plant utilization at Siltronic decreased during the third quarter. In the solar industry, demand has edged down recently and customer inventories have increased considerably. At the same time, slackening demand is intensifying price and competitive pressures in sales markets. Overall, however, sales volumes and customer orders for WACKER products remain at a satisfactory level.

The risks to the economy in general from the financial and economic uncertainties in the European Union and the USA heightened during the third quarter. Despite the efforts of European policymakers, there is still no lasting solution to southern Europe's sovereign debt crises in sight. In the USA, the high national deficit and weak economy continue to have a destabilizing effect. Market participants are unsettled by the downgrading of various countries' credit ratings and by the debate about whether major banks have enough capital to weather a crisis. At the moment, we do not expect WACKER's business prospects to be materially affected by these factors in the short term.

At WACKER POLYSILICON, customer demand remains good for the high-quality polysilicon that WACKER supplies. Due to our customers' high inventory levels, though, price and consolidation pressures will intensify in the solar sector. Consequently, WACKER POLYSILICON's sales and margins will be lower in Q4 2011 than in the quarter under review. Since we are the quality, technology and cost leader in the polysilicon sector, we will benefit in this competitive environment from the trend towards high-efficiency solar cells and modules. Virtually all our output planned until the end of 2015 has been contractually secured, including the additional volumes from the new production plant in Nünchritz and the facility currently under construction in Charleston (Tennessee). The new locations help to counteract concentration risks on the production side. Additionally, the new integrated site in the USA will enable WACKER POLYSILICON to benefit from the lower energy prices there compared with Germany.

In the semiconductor industry, leading market analysts have revised downward their growth projections for the next few months.[1] We therefore expect Siltronic's sales volumes and revenues between now and late 2011 to be lower than anticipated at mid-year. As a result, it is necessary to continue with the structural improvements that Siltronic has already been successfully implementing.

The main factors that determine WACKER's profitability remain raw-material prices and the euro/US dollar exchange rate. On the raw-materials front, we think that the phase of soaring prices has come to an end for the time being. We expect raw-material

[1] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 3Q11 Update, Stamford (USA), September 2011

prices to stabilize at their current level over the coming few months. Should volume growth and improved efficiency not counter the high raw-material costs, we will try to compensate for them, at least in part, by increasing some product prices – the competitive environment and customer contracts permitting.

The euro appreciated against the US dollar during the course of Q3 2011. At the end of September, the common currency was slightly below the highs recorded during the quarter. The average euro/dollar exchange rate in Q3 was 1.41 dollars to the euro. WACKER does not foresee any substantial deviations from planned sales and earnings performance due to negative exchange-rate effects.

Evaluation of Overall Risk

The specific risks facing individual divisions, market segments and sales regions, our assessment of their probability and the measures we take to counter these risks are described in detail on pages 118 to 129 of our current Annual Report 2010. The assessments we made there did not change materially in the period under review.

Overall, WACKER's Executive Board and management do not currently discern any individual or aggregate risks that could substantially endanger the Group as a going concern. We continue to regard ourselves as strategically and financially well positioned to seize any opportunities for bolstering our growth and competitiveness.

Munich, October 28, 2011
Wacker Chemie AG's Executive Board

Events after the Balance Sheet Date of September 30, 2011

No material events occurred between the balance sheet date and the publication of this Interim Report.

Outlook and Forecast

Overall and Sector-Specific Economic Framework

There are many indications that the global economic slowdown in 2011's second half will be followed next year by less growth than anticipated even just a few months ago. How the world economy performs will essentially depend on the key political decisions and strategic measures taken by leading industrial nations. They have a variety of major issues to face and, at the moment, there are no clear-cut answers in sight. In the USA, much will depend on whether the current Administration's programs to reduce unemployment and kick-start the economy are successful, and whether policymakers actually tackle the budget deficit. In Europe, it is still unclear how the sovereign debt crisis in countries such as Greece, Italy and Portugal can be resolved consensually without fundamentally harming the financial sector, and thus the real economy. On oil and other commodity markets, future developments will depend, for example, on whether the success of democracy movements in some North African countries produces political stability.

The International Monetary Fund (IMF) recently forecast a 4.0-percent rise in global economic output for 2012. On that basis, growth would be just as high then as this year.[1] Germany's leading economic institutes are much more cautious, predicting global GDP expansion of only 2.5 percent for 2012 in their latest Joint Economic Forecast.[2]

The IMF and German institutes concur that economic momentum in Asia will remain stable in 2012. The IMF estimates real GDP growth at 6.6 percent for that region. Leading the way are China (+9.0 percent) and India (+7.5 percent). Japan is expected to return to growth with a 2.3-percent rise in GDP.[1] The Joint Economic Forecast Project Group, however, expects Asia as a whole to achieve GDP growth of only 5.3 percent.[2]

Economic expansion in the advanced economies of Europe and the Americas is likely to be much lower. For the USA, Germany's institutes estimate growth at 1.6 percent for 2012 in their Joint Economic Forecast. Gross domestic product in the eurozone is likely to increase just 0.4 percent. For Germany, the researchers now predict that economic output will expand by a mere 0.8 percent next year.[2]

According to the latest estimates of the European Chemical Industry Council (CEFIC), Europe's chemical sector will stabilize its growth and again increase its output by 2.5 percent next year.[3]

[1] International Monetary Fund, WORLD ECONOMIC OUTLOOK, September 2011: Slowing Growth, Rising Risk; Washington, September 2011
[2] Joint Economic Forecast Project Group ("Projektgruppe Gemeinschaftsdiagnose"): "Adverse Effects on the German Economy from the European Debt Crisis," Joint Economic Forecast Autumn 2011, Essen, October 11, 2011
[3] The European Chemical Industry Council (CEFIC) revises downward 2011 forecast for EU chemicals sector output, Madrid, September 30, 2011

For the semiconductor industry, the Gartner Group's experts forecast a weak first quarter in 2012 followed by a mild seasonal upturn toward mid-year, which is expected to lead to a full-year 3.4-percent rise in wafer surface-area sales worldwide.[1]

WACKER anticipates that newly installed photovoltaic capacity will show double-digit growth worldwide next year, a view that is based on the substantially lower levelized costs for solar power and on the growing political support around the world for photovoltaics, for instance in China. We expect that newly installed global photovoltaic capacity will reach between 27 and 33 gigawatts in 2012.

The WACKER Group's Prospects

According to our latest projections, WACKER's five divisions will perform in line with the wider economy this year and next. They will benefit, however, from stronger economic momentum in individual regions and market segments.

At our WACKER SILICONES and WACKER POLYMERS chemical divisions, economic growth – especially in the emerging markets of Asia, Latin America and Eastern Europe – will keep demand for our products and services high. In some segments of our silicones business, price pressures and competition are intensifying in our sales markets. We intend to maintain our position there through high quality, innovations, superior services and well-focused customer loyalty measures.

WACKER POLYSILICON has contractually secured virtually its entire output until the end of 2015. Given the enormous photovoltaic overcapacity in the supply chain downstream from us, we expect consolidation pressures in the sector to intensify in coming months. The inventory build-up along the entire supply chain could temporarily curb global volume demand and raise price pressures. Due to its very good portfolio of contracts and customers, WACKER expects that this trend will not impact its own polysilicon business in Q4 2011 as strongly as its competitors' operations. Overall, photovoltaics is becoming increasingly attractive and competitive compared with conventional energy sources thanks to the falling costs of buying photovoltaic modules and generating solar power. The cost decrease is spurring growth in solar energy. Worldwide, we estimate that installed solar capacity will be as high as 26 gigawatts this year, and expect demand to rise even more next year. Our customers' growing need for high-grade polysilicon for high-efficiency cells is benefiting our sales volumes.

At Siltronic, we anticipate that volume and revenue trends will be weaker during the rest of 2011 than in the first half-year. Siltronic's revenues and sales volumes in the remaining months of this year are likely to be lower than in 2010 and well below mid-year expectations.

Future price developments for raw materials and energy will continue to have a strong impact on the profitability of WACKER's operations. Although we expect the cost situation to ease slightly, we will continue our efforts to reduce raw-material and energy consumption in our production plants. Wherever market conditions and customer contracts allow, we will counter higher raw-material costs, at least to some extent, by raising the prices of our products.

In full-year 2011, capital expenditures will amount to about €950 million. Our current business estimates take account of the ramp-up costs for expanding polysilicon production.

[1] Gartner Market Statistics, Forecast: Semiconductor Silicon Wafers, Worldwide, 3Q11 Update, Stamford (USA), September 2011

Employee numbers will remain at today's level until year-end, since no new production facilities – beyond projects already in progress – are due to come on stream in the next few months.

Please refer to pages 145 to 151 of our Annual Report 2010 for detailed comments on our investment policy, future products and services, R&D, production, procurement and logistics, sales and marketing, employees, financing, and our expected liquidity and financial position. The targets, strategies and processes presented there did not change substantially in Q3 2011.

We do not envisage any major changes in the business policies, corporate goals and organizational orientation of the WACKER Group at the moment. Our Annual Report for 2010 (pages 49 to 52) provides detailed explanatory notes on the individual aspects of the Group's structure and its activities, organization and decision-making, as well as on corporate goals, strategy, control of operational processes, and the strategies of the five individual WACKER divisions.

Overall Corporate Performance Expectations

In the first three quarters of 2011, WACKER not only kept its sales performance high, but also enhanced it in individual divisions. Weaker business trends and the resultant decline in momentum, however, are slowing demand for our products and affecting customer ordering patterns. As a result, it is difficult to predict exactly how business will develop during the remaining months of fiscal 2011.

For the fourth quarter, we anticipate significantly lower sales volumes and revenues, especially at Siltronic, coupled with declining plant utilization. This will have an appreciable impact on the profitability of our semiconductor operations in Q4 2011. At our polysilicon business, our fourth-quarter sales and margins will be lower than the preceding quarter due to the fact that our customers are running down inventories. In certain segments of our silicones business, we are likely to see a decline in incoming orders. Additionally, our chemical divisions will experience the normal seasonal effects of their business with, for example, the construction sector. Seasonality will hold back sales volumes and revenues, though no more than usual.

Overall, we now expect WACKER to generate sales of about €5 billion in 2011. According to our current estimates, EBITDA will be at last year's level (€1.19 billion).

Munich, October 28, 2011
Wacker Chemie AG's Executive Board

Consolidated Statement of Income

January 1 through September 30, 2011

Consolidated Statement of Income € million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Sales	1,280.6	1,269.5	0.9	3,898.1	3,538.5	10.2
Cost of goods sold	–979.7	–866.7	13.0	–2,836.2	–2,492.6	13.8
Gross profit from sales	300.9	402.8	–25.3	1,061.9	1,045.9	1.5
Selling expenses	–67.8	–66.8	1.5	–207.2	–199.1	4.1
Research and development expenses	–41.4	–40.1	3.2	–127.3	–122.2	4.2
General administrative expenses	–29.7	–26.0	14.2	–88.8	–78.2	13.6
Other operating income	68.3	28.6	>100	144.8	149.6	–3.2
Other operating expenses	–35.0	–49.5	–29.3	–112.6	–163.0	–30.9
Operating result	195.3	249.0	–21.6	670.8	633.0	6.0
Result from investments in joint ventures and associates	1.9	–14.8	n.a.	–12.6	–40.4	–68.8
Other investment income	–	0.1	–100.0	–	0.1	–100.0
EBIT (earnings before interest and taxes)	197.2	234.3	–15.8	658.2	592.7	11.1
Interest income	4.0	1.8	>100	12.4	5.4	>100
Interest expenses	–4.7	–1.6	>100	–9.1	–4.2	>100
Other financial result	–8.6	–11.9	–27.7	–30.2	–25.2	19.8
Financial result	–9.3	–11.7	–20.5	–26.9	–24.0	12.1
Income before taxes	187.9	222.6	–15.6	631.3	568.7	11.0
Income taxes	–63.0	–66.8	–5.7	–195.7	–171.6	14.0
Net income for the period	124.9	155.8	–19.8	435.6	397.1	9.8
Of which						
Attributable to Wacker Chemie AG shareholders	124.2	155.4	–20.1	435.1	396.5	9.7
Attributable to non-controlling interests	0.7	0.4	75.0	0.5	0.6	–16.7
Earnings per common share (€) (basic/diluted)	2.50	3.13	–20.1	8.76	7.98	9.8
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–

Consolidated Statement of Comprehensive Income

January 1 through September 30, 2011

January to September

€ million			2011			2010
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			435.6			397.1
Difference from foreign currency translation adjustments	–13.7	–	–13.7	43.1	–	43.1
Changes in market values of the securities available for sale	0.2	–	0.2	–	–	–
Changes in market values of derivative financial instruments (cash flow hedge)	–8.1	2.4	–5.7	30.5	–8.6	21.9
Of which recognized in profit and loss	–28.9	7.9	–21.0	14.8	–4.2	10.6
Share of cash flow hedge in associates accounted for using the equity method	–3.1	–	–3.1	–4.1	–	–4.1
Non-controlling interests	–1.1	–	–1.1	1.5	–	1.5
Income and expenses recognized in equity	–25.8	2.4	–23.4	71.0	–8.6	62.4
Total income and expenses reported			412.2			459.5
Of which						
Attributable to Wacker Chemie AG shareholders			412.8			457.4
Attributable to non-controlling interests			–0.6			2.1

July to September

€ million			2011			2010
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			124.9			155.8
Difference from foreign currency translation adjustments	19.3	–	19.3	–41.8	–	–41.8
Changes in market values of the securities available for sale	0.1	–	0.1	–	–	–
Changes in market values of derivative financial instruments (cash flow hedge)	–54.8	14.9	–39.9	83.1	–23.4	59.7
Of which recognized in profit and loss	–13.5	3.7	–9.8	9.1	–2.6	6.5
Share of cash flow hedge in associates accounted for using the equity method	–4.7	–	–4.7	1.1	–	1.1
Non-controlling interests	0.6	–	0.6	–1.5	–	–1.5
Income and expenses recognized in equity	–39.5	14.9	–24.6	40.9	–23.4	17.5
Total income and expenses reported			100.3			173.3
Of which						
Attributable to Wacker Chemie AG shareholders			99.0			174.4
Attributable to non-controlling interests			1.3			–1.1

Consolidated Statement of Financial Position

As of September 30, 2011

Assets

€ million	Sept. 30, 2011	Sept. 30, 2010	Change in %	Dec. 31, 2010	Change in %
Intangible assets	29.2	28.8	1.4	33.2	−12.0
Property, plant and equipment	3,328.7	2,915.8	14.2	3,025.7	10.0
Investment property	1.5	1.5	–	1.5	–
Investments in joint ventures and associates accounted for using the equity method	93.6	111.2	−15.8	111.7	−16.2
Financial assets	118.7	86.0	38.0	101.4	17.1
Noncurrent securities	136.4	–	n.a.	210.8	−35.3
Other assets	21.7	111.9	−80.6	37.1	−41.5
Tax receivables	11.0	11.2	−1.8	12.7	−13.4
Deferred tax assets	15.6	18.0	−13.3	13.5	15.6
Noncurrent assets	3,756.4	3,284.4	14.4	3,547.6	5.9
Inventories	659.0	512.8	28.5	530.7	24.2
Trade receivables	689.9	628.0	9.9	596.0	15.8
Other assets	154.3	131.2	17.6	153.2	0.7
Tax assets	45.4	54.5	−16.7	87.1	−47.9
Current securities	208.9	40.8	>100	41.4	>100
Cash and cash equivalents	611.8	581.3	5.2	545.2	12.2
Current assets	2,369.3	1,948.6	21.6	1,953.6	21.3
Total assets	6,125.7	5,233.0	17.1	5,501.2	11.4

Equity and Liabilities

€ million	Sept. 30, 2011	Sept. 30, 2010	Change in %	Dec. 31, 2010	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	2,298.9	1,928.6	19.2	2,022.8	13.6
Other equity items	3.9	21.6	–81.9	26.2	–85.1
Equity attributable to Wacker Chemie AG shareholders	2,675.9	2,323.3	15.2	2,422.1	10.5
Non-controlling interests	23.0	18.3	25.7	24.7	–6.9
Equity	2,698.9	2,341.6	15.3	2,446.8	10.3
Provisions for pensions	507.8	470.7	7.9	475.4	6.8
Other provisions	184.7	251.9	–26.7	227.6	–18.8
Tax provisions	58.6	55.7	5.2	42.8	36.9
Deferred tax liabilities	39.0	34.2	14.0	36.0	8.3
Financial liabilities	441.7	313.9	40.7	407.1	8.5
Other liabilities	1,067.8	778.4	37.2	873.0	22.3
Noncurrent liabilities	2,299.6	1,904.8	20.7	2,061.9	11.5
Other provisions	150.5	61.8	>100	85.2	76.6
Tax provisions	21.5	110.3	–80.5	62.2	–65.4
Tax liabilities	15.2	26.3	–42.2	16.6	–8.4
Financial liabilities	151.4	156.2	–3.1	126.3	19.9
Trade payables	380.4	283.3	34.3	335.2	13.5
Other liabilities	408.2	348.7	17.1	367.0	11.2
Current liabilities	1,127.2	986.6	14.3	992.5	13.6
Liabilities	3,426.8	2,891.4	18.5	3,054.4	12.2
Total equity and liabilities	6,125.7	5,233.0	17.1	5,501.2	11.4

Consolidated Statement of Cash Flows

January 1 through September 30, 2011

Consolidated Statement of Cash Flows

€ million	Q3 2011	Q3 2010	Change in %	9M 2011	9M 2010	Change in %
Net income for the period	124.9	155.8	–19.8	435.6	397.1	9.7
Write-downs/write-ups of noncurrent assets	120.4	105.7	13.9	335.2	309.6	8.3
Changes in provisions	17.4	35.0	–50.3	41.8	81.2	–48.5
Changes in deferred taxes	2.4	–5.0	n.a.	3.1	4.1	–24.4
Changes in inventories	–45.8	–20.9	>100	–136.6	–36.3	>100
Changes in trade receivables	7.4	19.1	–61.3	–87.0	–129.7	–32.9
Changes in other assets	21.8	–1.8	n.a.	43.7	–12.4	n.a.
Change in advance payments made and received	11.3	60.7	–81.4	226.6	29.5	>100
Changes in liabilities	49.5	60.7	–18.5	20.8	117.3	–82.3
Non-cash changes from equity accounting	–1.4	15.1	n.a.	14.2	41.1	–65.5
Other non-cash expenses, income and other items	–11.0	16.9	n.a.	–12.1	–20.3	–40.4
Cash flow from operating activities (gross cash flow)	296.9	441.3	–32.7	885.3	781.2	13.3
Investments in noncurrent assets	–237.5	–183.9	29.1	–592.0	–415.6	42.4
Proceeds from the disposal of noncurrent assets	0.4	1.1	–63.6	1.1	3.0	–63.3
Payments for acquisitions	–	–66.1	–100.0	–	–66.1	–100.0
Cash flow from noncurrent investment activities before securities	–237.1	–248.9	–4.7	–590.9	–478.7	23.4
Acquisition/disposal of securities	–11.7	1.4	n.a.	–93.1	–40.8	>100
Cash flow from investment activities	–248.8	–247.5	0.5	–684.0	–519.5	31.7
Distribution of profit from prior-year net income	–1.1	–0.7	57.1	–160.1	–60.3	>100
Changes in financial liabilities	–2.1	–8.3	–74.7	23.9	10.5	>100
Cash flow from financing activities	–3.2	–9.0	–64.4	–136.2	–49.8	>100
Changes due to exchange-rate fluctuations	4.8	–2.3	n.a.	1.5	5.8	–74.1
Changes in cash and cash equivalents	49.7	182.5	–72.8	66.6	217.7	–69.4
At the beginning of the year	562.1	398.8	40.9	545.2	363.6	49.9
At the end of the period	611.8	581.3	5.2	611.8	581.3	5.2
Additional information						
Additions from finance leases	–25.3	–	n.a.	–26.7	–	n.a.

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

January 1 through September 30, 2011

Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2010	260.8	157.4	–45.1	1,591.7	–39.3	1,925.5	16.9	1,942.4
Net income for the period	–	–	–	396.5	–	396.5	0.6	397.1
Dividends paid	–	–	–	–59.6	–	–59.6	–0.7	–60.3
Income and expenses recognized in equity	–	–	–	–	60.9	60.9	1.5	62.4
Sept. 30, 2010	260.8	157.4	–45.1	1,928.6	21.6	2,323.3	18.3	2,341.6
Jan. 1, 2011	260.8	157.4	–45.1	2,022.8	26.2	2,422.1	24.7	2,446.8
Net income for the period	–	–	–	435.1	–	435.1	0.5	435.6
Dividends paid	–	–	–	–159.0	–	–159.0	–1.1	–160.1
Income and expenses recognized in equity	–	–	–	–	–22.3	–22.3	–1.1	–23.4
Sept. 30, 2011	260.8	157.4	–45.1	2,298.9	3.9	2,675.9	23.0	2,698.9

Reconciliation of Other Equity Items

€ million	Changes in market values of securities available for sale	Difference from foreign currency translation adjustments	Changes in market values of derivative financial instruments (cash flow hedge)	Total (excluding non-controlling interests)
Jan. 1, 2010	0.6	–50.9	11.0	–39.3
Additions	–	–	5.0	5.0
Other changes	–	–	2.2	2.2
Reclassification in the statement of income	–	–	10.6	10.6
Changes in exchange rates	–	43.1	–	43.1
Sept. 30, 2010	0.6	–7.8	28.8	21.6
Jan. 1, 2011	0.5	7.5	18.2	26.2
Additions	0.2	–	–4.6	–4.4
Other changes	–	–	16.8	16.8
Reclassification in the statement of income	–	–	–21.0	–21.0
Changes in exchange rates	–	–13.7	–	–13.7
Sept. 30, 2011	0.7	–6.2	9.4	3.9

Notes

January 1 through September 30, 2011

Accounting and Valuation Methods

The interim consolidated financial statements of Wacker Chemie AG as of September 30, 2011 have, pursuant to Section 37x WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act") been prepared in accordance with the rules of International Accounting Standard (IAS) 34 as applicable in the European Union, in condensed form and maintaining unchanged the accounting and valuation methods applied in fiscal 2010. The interim Group management report has been prepared in compliance with the applicable requirements of WpHG. New accounting standards were introduced in 2011, but they had no substantial impact on WACKER's accounting and valuation methods.

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

As an information tool, interim financial reporting builds on the consolidated financial statements at year-end. The accounting, valuation and consolidation methods used and the exercising of options envisaged in the IFRSs are explained in detail there.
We refer to the Notes as of December 31, 2010 for further explanations.

As of September 30, 2011, there were no changes in the legal corporate and organizational structures as portrayed in the 2010 Annual Report. There were no disclosure obligations in the interim period in respect of any misinterpretations in previous reporting periods.

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

Seasonal Influences

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

Other Financial Obligations

We refer to the consolidated financial statements as of December 31, 2010 with regard to the disclosures on other financial obligations. The construction start of the new polysilicon site in Charleston (Tennessee, USA) during the interim period resulted in increased obligations from orders for planned investments.

In addition, WACKER concluded three long-term electricity contracts for plants in Germany and Norway during Q3 2011. To secure a long-term supply of electricity at fixed terms, contracts for periods ranging from six to nine years have been taken out. The resulting take-or-pay commitments amount to around €300 million over the entire term.

New Accounting Standards

The following standards and interpretations of the IASB are to be applied for the first time in the first nine months of 2011:

Standard/ Interpretation		Mandatory from	Endorsed by EU	Substantial Changes and Anticipated Impact on WACKER
IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters	July 1, 2010	June 30, 2010	In the absence of relevant circumstances, there was no substantial impact on WACKER's earnings, net assets and financial position.
Amendments to IAS 32	Classification of Rights Issues	Feb. 1, 2010	Dec. 23, 2009	In the absence of relevant circumstances, the application of the revised standard had no impact on WACKER's earnings, net assets and financial position.
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010	July 23, 2010	In the absence of relevant circumstances, the application of the revised standard had no impact on WACKER's earnings, net assets and financial position.
Amendments to IFRIC 14	Prepayments of minimum funding requirements	Jan. 1, 2011	July 19, 2010	The changes had no impact on the statement, presentation and valuation of WACKER's earnings, net assets and financial position.
IAS 24	Related Party Disclosures	Jan. 1, 2011	July 19, 2010	The revised version clarifies the definition of the term "related party." The amendments had no substantial impact on the presentation of WACKER's consolidated financial statements.
Miscellaneous	Amendments following the annual improvements to IFRSs (2008-2010 cycle) issued by the IASB in May 2010	Jan. 1, 2011	Feb. 18, 2011	Miscellaneous changes. These changes had no substantial impact on the statement, presentation and valuation of the figures in WACKER's consolidated financial statements.

The following standards were approved by the IASB in 2010 and 2011, but their application is not yet mandatory for the period under review.

Standard/ Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates	Dec. 12, 2010	July 1, 2011	Expected in Q2 2012	The amendment replaces the existing references to the date of January 1, 2004, with a reference to the timing of the transition to IFRS. This amendment also includes rules for those cases in which hyperinflation makes it impossible for an entity to comply with all IFRS stipulations. Its application will have no impact on WACKER's earnings, net assets and financial position.
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets	Dec. 20, 2010	Jan. 1, 2012	Expected in Q2 2012	The amendment contains a partial clarification on the treatment of temporary taxable differences from IAS 40's fair value model. Investment property often makes it difficult to assess whether existing differences are recovered as part of continuing use or in the wake of a sale. The amendment therefore generally makes it necessary to presume recovery due to a sale. Its application will have no substantial impact on WACKER's earnings, net assets and financial position.
Amendment to IFRS 7	Financial Instruments: Disclosures in Notes	Oct. 7, 2010	July 1, 2011	Expected in Q4 2011	Application of the revised standard will have no substantial influence on WACKER's earnings, net assets and financial position.
IFRS 9	Financial Instruments	Nov. 12, 2009	Jan. 1, 2013	Postponed	In the future, financial assets will be measured either at amortized cost or at fair value, depending on the business model of the company in question. At the moment, WACKER cannot conclusively assess what impacts the first-time application of this standard will have, should it be endorsed by the EU in its current form.
IFRS 10	Consolidated Financial Statements	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	IFRS 10 changes the definition of "control" so that the same criteria are applied to all companies in determining control. The standard replaces the consolidation guidelines in the previous IAS 27 and SIC 12. The new rules may lead to major changes in the scope of consolidation compared with the previous determination of the Group pursuant to IAS 27. WACKER is currently of the opinion that application of the revised standard will have no influence on the current determination of the scope of consolidation.
IFRS 11	Joint Arrangements	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	IFRS 11 regulates the accounting of arrangements where a company exercises joint control over a joint venture or a joint operation. The standard replaces IAS 31. In the future, joint ventures will be accounted for using exclusively the equity method. The option of proportionate consolidation has been abolished. The abolition of proportionate consolidation has no impact on WACKER's earnings, net assets and financial position because WACKER already accounts for joint ventures using the equity method. WACKER is currently investigating the other effects of IFRS 11, including in respect of joint operations.
IFRS 12	Disclosure of Interests in Other Entities	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	IFRS 12 regulates the disclosures in the consolidated financial statements that enable users to assess the nature, risk and financial effects of the entity's involvement in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Application of the revised standard will lead to a substantial broadening of the disclosures in WACKER's consolidated financial statements.

Standard/ Interpretation		Publication by IASB	Mandatory from	Endorsed by EU	Anticipated Impact on WACKER
IFRS 13	Fair Value Measurement	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	IFRS 13 describes how fair value is to be measured and extends the disclosures on fair value. Application of the new method of determining fair value will be relevant to all areas of WACKER's consolidated financial statements in which fair values are determined. WACKER does not expect the new approach to have any substantial impact on its earnings, net assets and financial position. The disclosure obligations in the consolidated financial statements will increase.
IAS 27	Separate Financial Statements	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	In the future, IAS 27 will deal only with separate financial statements. The existing guidelines for separate financial statements remain unchanged. Application of the revised standard will have no substantial influence on WACKER's earnings, net assets and financial position.
IAS 28	Investments in Associates	May 12, 2011	Jan. 1, 2013	Expected in Q3 2012	IAS 28 now also regulates the accounting of joint ventures using the equity method. Application of the revised standard will have no substantial influence on WACKER's earnings, net assets and financial position.
Amendments to IAS 19	Employee Benefits	June 16, 2011	Jan. 1, 2013	Expected in Q1 2012	The amendments to IAS 19 will affect the recording and measurement of the expense for defined benefit pension plans and termination benefits, and result in wider disclosure obligations on employee benefits. The option of accounting for actuarial gains and losses using the corridor method is eliminated. In the future, these impacts will be recognized immediately in "other comprehensive income." Additionally, the return on plan assets is no longer to be recognized based on the expected interest rate but on the discount rate. For WACKER, this change will probably result in a reduction in Group equity when adopted for the first time. Its recording within other comprehensive income will result in increased volatility of equity in the future.
Amendments to IAS 1	Presentation of items of Other Comprehensive Income	June 16, 2011	July 1, 2012	Expected in Q1 2012	Application of the revised standard will have no substantial influence on WACKER's earnings, net assets and financial position.

Changes in the Scope of Consolidation

As of September 30, 2011, the scope of consolidation continues to comprise 56 companies, including Wacker Chemie AG, of which 50 have been fully consolidated in the interim financial statements. In addition, a special purpose entity – in the shape of a special fund – has been included in the scope of consolidation for the first time.

In Q3 2011, for the first time, Wacker Chemie AG invested liquidity that it will require in the medium term in a special fund managed by a professional fund provider. The aim is to invest liquid funds in fixed-interest securities. Under the rules of SIC 12, the fund assets are to be regarded as a special purpose entity and are therefore fully consolidated. As of the September 30, 2011 reporting date, liquidity amounting to approx. €40 million was invested in shares in this special fund. The securities acquired by the fund are reported under current and noncurrent securities.

Segment Reporting

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

Related Party Disclosures

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

The WACKER Group is affected by the IAS 24 rules mainly in respect of the business relations with Wacker Chemie AG's joint ventures, major shareholders, and Executive and Supervisory Board members.

Provision of services between Wacker Chemie AG and its majority shareholder, Dr. Alexander Wacker Familiengesellschaft mbH, is of subordinate importance. Furthermore, WACKER Group companies have not conducted any significant transactions whatsoever with members of Wacker Chemie AG's Executive or Supervisory Boards or with any other key management personnel or with companies of which these persons are members of executive or supervisory bodies. The same applies to close relatives of the aforementioned persons.

Business with non-consolidated subsidiaries, joint ventures and associated companies is, as a rule, carried out on conditions that are customary between outside third parties. For joint-venture and associated-company product shipments, contractually agreed transfer price formulas were defined that contain, e.g. start-up costs and financing elements.

The following table shows the volume of trade with related parties that are reported in the WACKER consolidated financial statements using the equity method or are recognized in the statement of financial position at amortized cost:

Related Party Disclosures

€ million	2011				2010			
	9M 2011		Sept. 30, 2011		9M 2010		Dec. 31, 2010	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associated companies/ joint ventures	57.6	103.6	29.2	14.7	69.3	27.5	18.2	2.4
Non-consolidated subsidiaries	–	–	–	0.3	0.1	–	0.2	–

In addition, €106.4 million was loaned to associated companies (Dec. 31, 2010: €88.8 million). Please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2010 for further information.

Exchange Rates

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

Exchange Rates

	Exchange rate as of		Average exchange rate	
	Sept. 30, 2011	Sept. 30, 2010	Q3 2011	Q3 2010
USD	1.35	1.36	1.41	1.29
JPY	103.73	113.50	109.77	110.74
CNY	8.64	9.11	9.06	8.74

Major Events during the Reporting Period

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

Events after the Balance Sheet Date

No material events occurred between the balance sheet date and the publication of this Interim Report.

Munich, October 28, 2011
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Wilhelm Sittenthaler**

Joachim Rauhut **Auguste Willems**

Responsibility Statement

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

Munich, October 28, 2011
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Wilhelm Sittenthaler**

Joachim Rauhut **Auguste Willems**

2012 Financial Calendar & Contacts

2012 Financial Calendar

March 14, 2012
2011 Annual Report

May 4, 2012
Interim Report on the
1st Quarter of 2012

May 16, 2012
Annual Shareholders' Meeting

July 25, 2012
Interim Report on the
2nd Quarter of 2012

September 11, 2012
Capital Markets Day

October 24, 2012
Interim Report on the
3rd Quarter of 2012

Contacts

For investors:
Joerg Hoffmann
Head of Investor Relations
Tel. +49 89 6279-1633
Fax +49 89 6279-2933
joerg.hoffmann@wacker.com

Judith Distelrath
Tel. +49 89 6279-1560
Fax +49 89 6279-2381
judith.distelrath@wacker.com

Manuela Ellmerer
Tel. +49 89 6279-2769
Fax +49 89 6279-2369
manuela.ellmerer@wacker.com

For journalists:
Christof Bachmair
Head of Media Relations & Information
Tel. +49 89 6279-1830
Fax +49 89 6279-1239
christof.bachmair@wacker.com

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.

Wacker Chemie AG
Hanns-Seidel-Platz 4
81737 München, Germany
Tel. +49 89 6279-0
Fax +49 89 6279-1770
www.wacker.com