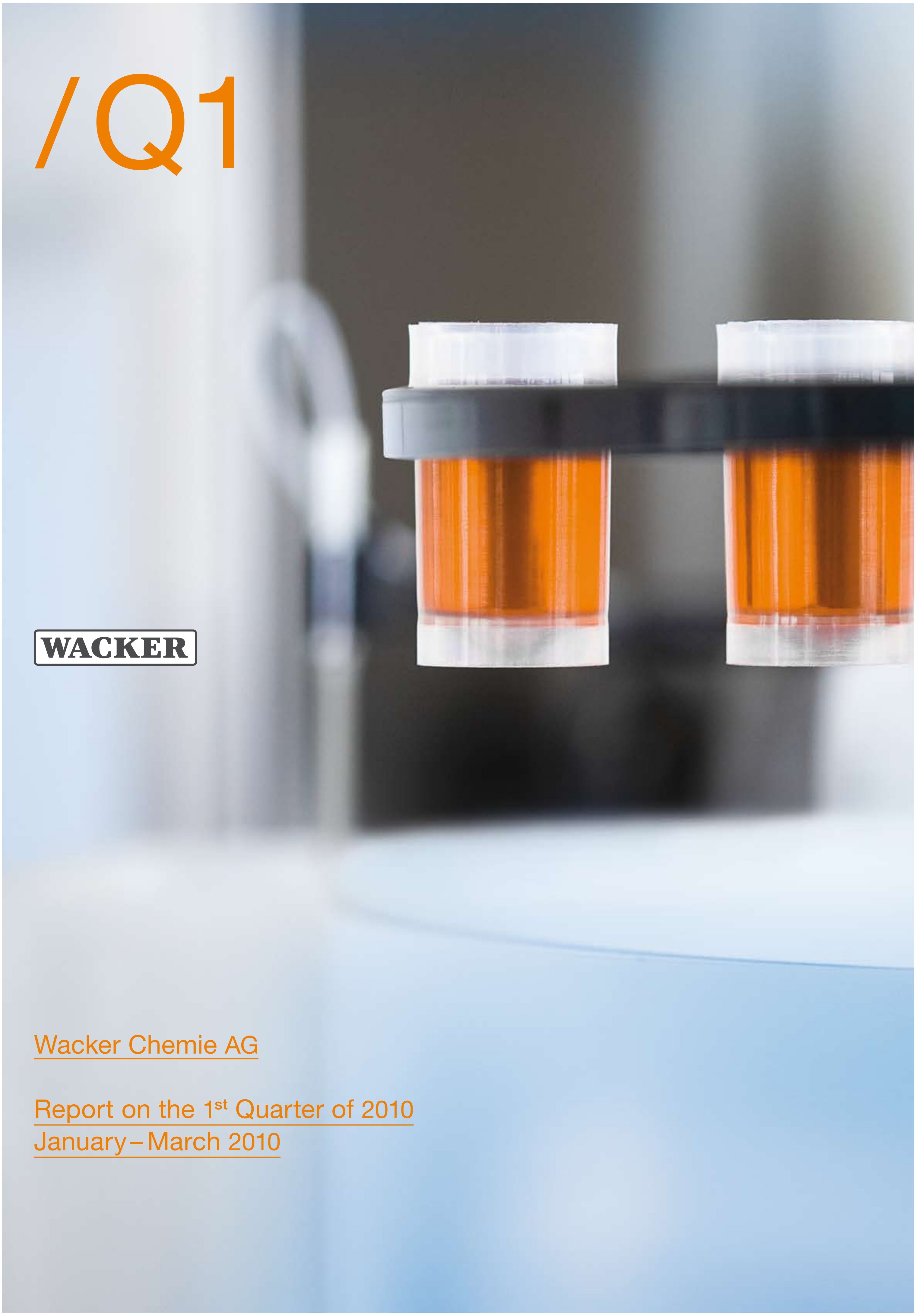
/Q1



WACKER

Wacker Chemie AG

Report on the 1st Quarter of 2010
January – March 2010

/ Group sales in Q1 2010 rise 22 percent to €1.07 billion amid strong customer demand

/ Earnings before interest, taxes, depreciation and amortization reach €254 million, up 61 percent year over year

/ Net income for the period amounts to €106 million

/ Positive net cash flow of €55 million

/ Full-year sales of over €4 billion and significant EBITDA growth expected

/ **Cover:** Fermenter samples for trace analysis with atomic absorption spectroscopy. This technique makes it possible to determine the composition of solutions formed during the biotechnological production of cysteine, for example.

WACKER at a Glance

€ million	Q1 2010	Q1 2009	Change in %
Sales	1,067.0	872.5	22.3
EBITDA[1]	253.7	157.8	60.8
EBITDA margin[2] (%)	23.8	18.1	31.5
EBIT[3]	153.7	58.2	>100
EBIT margin[2] (%)	14.4	6.7	>100
Financial result	–3.3	–7.1	53.5
Income before taxes	150.4	51.1	>100
Net income for the period	105.9	5.5	>100
Earnings per share (€)	2.15	0.17	>100
Investments (incl. financial assets)	98.3	176.8	–44.4
Net cash flow	54.6	70.9	–23.0

€ million	Mar. 31, 2010	Mar. 31, 2009	Dec. 31, 2009
Equity	2,073.2	2,106.1	1,942.4
Financial liabilities	502.6	283.9	439.7
Net financial liabilities	31.5	–100.7	76.1
Total assets	4,796.5	4,705.1	4,541.9
Employees (number at end of period)	15,733	15,851	15,618

[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.

Report on the 1st Quarter
January – March 2010

At WACKER, biotechnology is a highly promising research field. The Group's biologists, chemists and engineers have intensively developed biotech products and processes since the 1980s. Although biotech accounts for only three percent of consolidated sales today, it is set to become one of WACKER's key business fields in the future – with anticipated growth rates as high as 15 percent annually.

Now, WACKER has refocused its biotech and fine chemicals division on biotechnology. It has also changed the division's name from "WACKER FINE CHEMICALS" to "WACKER BIOSOLUTIONS." Importantly, conventional fine chemicals will remain a mainstay. In recent years, the division has specialized in chemical catalog products, such as acetylacetone and silanes for selected niche markets.

The strategic realignment targets the promotion of synergies between the Group's biotech know-how and extensive chemical expertise. As a result, WACKER will be able to boost its competitiveness in biotechnology, a dynamic growth market, and enhance value creation.

Biotechnology: Focus on Growth

The new division's name – WACKER BIOSOLUTIONS – says it all: "BIO" signifies WACKER's goal of building on innovations and processes developed thanks to 20 years of biotech experience. "SOLUTIONS" means that WACKER will increasingly offer customers not only individual products, but also novel integrated solutions tailored to specific market needs.

Wacker Biotech GmbH in Jena, Germany, uses genetically optimized E.coli bacteria to produce active proteins for pharmaceuticals. The final analytical step includes testing whether the desired protein contains the right amino acids in the right order, whether it has folded into the right three-dimensional shape and whether it displays the desired activity.

"The strategic reorientation's goal is strong organic and profitable growth via a steady stream of innovations," says Dr. Gerhard Schmid, head of WACKER BIOSOLUTIONS. "Previously, the division's structures were aligned to our product portfolio. Now, we want the orientation to be on each market and customer segment. So, we have restructured the division along market lines."

WACKER BIOSOLUTIONS' focus will be on the food and life science markets – especially on pharmaceutical and agrochemical applications. Its existing product portfolio is the ideal starting point. "Our achievements over the last few years spotlight the huge potential biotech offers us," says Schmid. Even today, WACKER boasts a portfolio of successful high-volume products in white biotechnology. According to its own market analyses, WACKER is already a world market leader in cyclodextrins produced by bioengineering, and cysteine made by fermentation.

WACKER manufactures cyclodextrins from corn or potato starch, for example. Cyclodextrins consist of glucose units linked into a ring. The ring cavity can receive "guest" molecules, and liberate them again in the presence of water. In other words, cyclodextrins bind other substances and release them at a controlled rate, or stabilize sensitive chemicals, such as vitamins and active ingredients. Thanks to these properties,

WACKER BIOSOLUTIONS produces cyclodextrins at its US site in Eddyville. These ring shaped sugar molecules – which are obtained from starch – serve as stabilizers and carrier substances not only in the pharmaceutical, household and cosmetics industries, but also in the food and agricultural sectors.

cyclodextrins are ideal stabilizers and carrier substances not only in textiles, agrochemicals, foods, and household and personal care products, but also in the pharmaceutical, life science, cosmetics and construction sectors. WACKER is the only company in the world to manufacture all three natural cyclodextrins.

In the future, WACKER BIOSOLUTIONS intends both to produce cyclodextrin as an ingredient, and to market comprehensive solutions and concepts for stabilizing or masking substances and additives. The same applies to chewing gum base. Drawing on synergies from its formulation technologies for food supplements, WACKER is developing "functional gum."

Another example of sustainable biotech processes at WACKER is the production of cysteine (an amino acid). Cysteine's range of properties is particularly valued in the pharmaceutical, cosmetics and food industries. WACKER's approach is highly innovative, since it manufactures cysteine without employing any human- or animal-derived substances. Traditionally, cysteine was extracted from human or animal hair and feathers in a process that was anything but environmentally friendly. By contrast, WACKER has developed a fermentation method for producing cysteine from vegetable starting materials, utilizing an Escherichia coli strain. This biotechnological fermentation is extremely efficient. Some 90 percent of the cysteine secreted by bacteria is isolated in pharmaceutical grade. The conventional process only yields about 60 percent. The amount of hydrochloric acid required for production can also be slashed by about 96 percent. WACKER's innovative cysteine process won it the Federation of German Industries (BDI) 2008 Environmental Prize.



WACKER is the only company in the world capable of producing hyperpure cysteine by fermenting glucose and inorganic salts with the aid of bacteria. The manufacturing process ensures that the WACKER product is of pharmaceutical quality and satisfies vegetarian, kosher and halal requirements. This makes cysteine ideal for use in the pharmaceutical and food sectors.

WACKER BIOSOLUTIONS wants to strengthen and combine these and other biotech skills. Amid attractive growth opportunities in both "white" (i. e. products/processes for industrial applications) and "red" biotechnology (pharmaceuticals), WACKER is investing substantially in both segments. For example, in 2009, it expanded its cyclodextrins plant in Eddyville (USA). And this March, it opened a new pharmaceutical proteins (biologics) plant in Jena, doubling the site's production area. Yield there has almost tripled thanks to a completely new product purification facility. The new plant meets all the "Good Manufacturing Practice" requirements of both the US Food and Drug Administration (FDA) and the European Medicines Agency (EMEA) for actives production. "We now have an ideal infrastructure for developing the sophisticated processes and analytical techniques of modern microbial biologics," explains Dr. Thomas Maier, managing director at Wacker Biotech GmbH. "Our customers have the advantage of a complete one-stop solution package."

Innovations – focus – synergies: this triad gives WACKER BIOSOLUTIONS the strength to harness the growing business potential of the biotech industry. "We have the major advantage of being able to combine our biotech and chemical expertise," stresses Dr. Gerhard Schmid. "For example, one of our facilities is currently producing an agrochemical that improves the crop yield of wheat, corn or soya. The chemical agent is synthesized and then encapsulated in cyclodextrins to increase its efficacy when spread on the field." He has absolutely no doubt that "WACKER BIOSOLUTIONS is headed for a bright future."

Report on the 1st Quarter of 2010

January to March 2010

Dear Shareholders,

After challenging months under the shadow of the global financial and economic crisis, WACKER made a successful start to 2010. The current rebound, which has put the world economy back on a moderate growth path, is positively impacting our business activities. WACKER's first-quarter sales volumes, sales revenues and earnings were well above prior-year figures.

The global recovery, however, is advancing unevenly across economic regions. Its pace has been varied in industrial sectors and product segments, too. Consequently, we will stay alert to identify risks and seize entrepreneurial opportunities at an early stage. We acted decisively in difficult times, improved our cost structures and increased our competitive edge. We will stay on this course as the economy recovers.

Our focus is on the road ahead. At Siltronic (our semiconductor division), we continue to work on improving the unsatisfactory earnings situation. Our new site strategy there is clearly a move in the right direction. At WACKER SILICONES and WACKER POLYMERS, we are working hard to utilize plants fully and to enhance productivity. Since January 1, 2010, our biotech and fine chemicals division has intensified its focus on biotechnology. Its new name – WACKER BIOSOLUTIONS – reflects this realignment. At WACKER POLYSILICON, we continue to invest heavily because we want to tap into market growth and meet customer demand for top-quality material.

Our strong financial position supports these actions. WACKER is in good financial shape. Our net financial liabilities are low. We have sufficient lines of credit available and a healthy equity base. Our goal is to improve steadily so that we rank among the best both today and tomorrow.

Overall Economic Situation:
The Global Rebound Is Progressing, but at Different Regional Speeds

The first quarter of 2010 saw the world economy returning to growth after a deep 18-month crisis. The consensus is that world trade and global economic trends will pick up markedly in 2010 and 2011 – although regional differences are appearing. The International Monetary Fund (IMF) predicts global economic growth of 3.9 percent for 2010 and 4.3 percent for 2011.[1] The global upturn will be mainly powered by emerging and developing countries, where the IMF anticipates 6.0 and 6.3 percent growth in the next two years. China still leads the field, with growth rates of 10.0 and 9.7 percent.[1] In its Spring Report 2010, the German Joint Economic Forecast project team ("Projektgruppe Gemeinschaftsdiagnose") expects global GDP (gross domestic product) to climb 2.9 percent this year. Here, again, the main growth engines are emerging countries, with gains of 6.1 percent expected.[2]

[1] International Monetary Fund, World Economic Outlook Update, New York, January 26, 2010
[2] Joint Economic Forecast project team ("Projektgruppe Gemeinschaftsdiagnose"): "The Recovery Continues – Considerable Risks Remain," Spring Report 2010, Kiel, April 13, 2010

According to the latest IMF projections, the leading industrialized countries – which stabilized their economies with broad monetary and fiscal measures – will see lower GDP growth in 2010 (2.1 percent) and in 2011 (2.4 percent). Economic activity in North America (USA and Canada) is proceeding at an above-average pace. The USA's GDP is expected to rise 2.7 percent in 2010. Japan's GDP growth is projected to remain in the mid-range at 1.7 percent.[1] These forecasts are broadly in line with the above-mentioned Spring Report 2010, which predicts 2.8 percent GDP growth in the USA and 2.0 percent in Japan for 2010.[2]

Throughout the eurozone, economic momentum is now pointing upward. The economic development over the next few months, however, will be restrained by potentially weak domestic demand in the eurozone. The Joint Economic Forecast project team anticipates GDP growth here of probably only 0.9 percent this year.[2] The EU Commission's interim forecast of February 25, 2010 expects full-year eurozone GDP to rise 0.7 percent.[3] As growth rates are expected to remain low, the Commission estimates that it will take years for eurozone economies and industries to regain the output levels seen prior to the latest financial and economic crisis.

Turning to Germany, the Joint Economic Forecast project team expects real GDP to grow by an average of 1.5 percent over the year.[2] This analysis concurs with the IMF estimate of +1.5 percent.[1] After GDP stalled in Q4 2009, the first quarter continued to reflect the impact of positive export-related influences and anemic domestic momentum.[3]

The German Chemical Industry Association (VCI) forecasts a very gradual sector recovery. Demand gains for chemicals will be strongest in Asia, South America and eastern Europe.[4] Growth momentum in Europe and Germany has weakened compared to Q4 2009. Sector analysts expect a further decrease during the remainder of 2010. Persistent below-average capacity utilization (77.9 percent at year-end 2009) means that chemical production will not return to pre-crisis levels in the foreseeable future. The upward trend, however, is intact. For 2010, the VCI expects chemical output to increase 5 percent and prices 1 percent due to the "base effect" compared with the weak prior-year data. The sector will grow 6 percent overall.[4]

[1] International Monetary Fund, World Economic Outlook Update, New York, January 26, 2010
[2] Joint Economic Forecast project team ("Projektgruppe Gemeinschaftsdiagnose"): "The Recovery Continues – Considerable Risks Remain," Spring Report 2010, Kiel, April 13, 2010
[3] German Federal Ministry of Economics and Technology, monthly report ("Schlaglichter der Wirtschaftspolitik") for April 2010, March 23, 2010
[4] VCI (German Chemical Industry Association), "Bericht zur wirtschaftlichen Lage der chemischen Industrie im 4. Quartal 2009," Frankfurt, March 4, 2010

In the silicon-wafer industry, experts at Gartner Dataquest, a market research institute, expect demand to remain steady in the first quarter (normally a rather weak season) and to resume growth in the second quarter. For full-year 2010, the researchers forecast a 29.5 percent rise in global silicon-wafer demand.[1] In particular, demand for 300 mm wafers is projected to grow by over 30 percent during the year.

For the solar market, analysts at Citigroup anticipate strong 2010 volume growth of up to 40 percent, coupled with a further decline in prices. Almost half of overall world demand in 2009 came from Germany.[2] During the current year, however, the German government is planning to reduce feed-in tariffs for solar installations, a move that could dampen demand in Germany. According to Citigroup, worldwide installation of new PV capacity in 2010 will reach about 8.9 gigawatts (2009: 6.3 gigawatts). The market analysts at iSuppli estimate an even higher figure for installation of new PV capacity – 13.6 gigawatts (2009: 7.0 gigawatts). This would represent an increase of more than 90 percent compared to 2009.[3]

Sales and Earnings for the WACKER Group: Global Economic Recovery Spurs Demand and Business Activity

The WACKER Group's five divisions generated sales of €1,067.0 million in the period from January 1 to March 31, 2010 – up 22 percent on Q1 2009 (€872.5 million) and up 14 percent on Q4 2009. WACKER profited from substantially higher demand and from additional production capacities that came on stream in 2009. Sales gains stemmed chiefly from volume growth (+49 percent). In contrast, sales performance was held back by lower prices (–24 percent) and negative currency effects (–3 percent) due to a stronger euro relative to the prior year. WACKER invoiced approximately 32 percent of its consolidated sales in US dollars in Q1 2010.

Customer demand grew compared to both the first and fourth quarters of 2009. As a result, capacity utilization continued to rise at the Group's sites. Our chemical divisions – where utilization rates were intermittently as low as 50 percent a year ago – saw certain plants producing at up to 90 percent capacity in Q1 2010. Siltronic increased production volumes very strongly, too. Capacity utilization at Siltronic averaged around 80 percent. At WACKER POLYSILICON, hyperpure-polysilicon operations were producing at full capacity.

[1] Gartner Dataquest, Forecast: Semiconductor Silicon Wafers, Worldwide, 1Q10 Update, March 3, 2010
[2] Citi Investment Research & Analysis, European Solar Sector, February 8, 2010
[3] iSuppli Corporation, Press Release: "iSuppli Hikes solar Forecast; Installations to Nearly Double in 2010," April 20, 2010.

On average, raw-material and energy costs were 18 percent higher than in Q1 2009 due to strong production-volume growth. Ethylene, methanol and platinum prices rose against the prior-year quarter. Silicon metal prices, in contrast, were slightly lower year over year. The same applies to energy prices.

WACKER SILICONES Remains the Top Sales Performer
Siltronic Posts 74 Percent Sales Growth

WACKER SILICONES put in a strong performance in Q1 2010, increasing total sales by 39 percent to €367.0 million (Q1 2009: €264.9 million). Continuing its upward trend from the prior year, the division remains the Group's main sales contributor. It reported a very strong order intake for the first quarter. In many of its business segments, volumes and sales returned to pre-economic crisis levels.

WACKER's second-largest sales contributor in Q1 was WACKER POLYSILICON, which reported its strongest quarter ever, with sales of €323.9 million (Q1 2009: €315.0 million). Much higher volumes offset the fact that prices were lower than a year ago. Thanks to the high quality of its hyperpure polysilicon, the division managed to sell its entire output on the market at favorable conditions.

Siltronic profited from a strong first-quarter rise in silicon-wafer demand and generated sales of €219.1 million – up 74 percent against the prior-year quarter, which was especially weak (Q1 2009: €126.0 million). Compared to the preceding quarter, sales rose some 19 percent (Q4 2009: €184.4 million). The gradual market recovery positively impacted volume demand and stabilized prices.

With sales volumes at prior-year levels, WACKER POLYMERS reported first-quarter sales of €170.8 million (Q1 2009: €172.3 million). Dispersible polymer powder volumes were about 10 percent higher than a year ago – benefiting especially from strong market demand in Asia. In contrast, average prices for dispersible polymer powders and dispersions were slightly below Q1 2009 levels.

During the first three months of 2010, WACKER BIOSOLUTIONS increased total sales to €34.4 million, a 59 percent rise over the prior year (Q1 2009: €21.6 million). On one hand, this growth stemmed from reorganization measures, as the division took over responsibility for chewing-gum base in mid-2009. On the other, growth was supported by stronger cysteine, cyclodextrin and acetylacetone sales compared to 2009's first quarter.

Appreciable Growth in Asia and Europe, Moderate Recovery in the Americas

Like the world economy, WACKER's first-quarter performance varied widely across the various economic regions. In Germany, sales volumes stayed roughly at the prior-year level, reaching €219.1 million during the first three months of 2010 (Q1 2009: €220.8 million). This was primarily due to customer shifts in the solar market. However, business picked up clearly in the rest of Europe, where sales climbed some 30 percent to €261.8 million (Q1 2009: €202.0 million). In comparison, growth in the Americas was moderate, with sales rising nearly 15 percent to €185.8 million (Q1 2009: €162.3 million).

The first-quarter trend in Asia was very encouraging. WACKER boosted sales there by about 37 percent to €364.8 million (Q1 2009: €267.0 million), with over half of this growth stemming from China (including Taiwan). Accounting for 34 percent of total sales, Asia remains by far WACKER's most important sales region – and promises dynamic growth perspectives. WACKER has been investing heavily in expanding its Asian production sites. These investments support a lasting and sustainable participation in the expected growth of the region.

In the other regions, consolidated sales increased to €35.5 million, 74 percent above the prior-year figure (Q1 2009: €20.4 million).

Regional Breakdown of WACKER Group Sales

Group Sales by Region

€ million	Q1 2010	Q1 2009	Change in %	% of Group sales
Asia	364.8	267.0	37	34
Europe excluding Germany	261.8	202.0	30	25
Germany	219.1	220.8	–1	21
Americas	185.8	162.3	15	17
Other regions	35.5	20.4	74	3
Total sales	1,067.0	872.5	22	100

Increased Demand and Improved Cost Structures Result in Disproportionately Strong Earnings Growth. The Group's EBITDA Margin Climbs to 24 percent.

A variety of external and internal factors positively influenced WACKER's earnings performance in Q1 2010. The macroeconomic recovery and demand growth in key markets spurred production-capacity utilization. As a result, specific manufacturing costs for many products were lower than in the prior-year period. Additionally, WACKER's measures to improve productivity and cost structures continue to have a positive impact. On the downside, ongoing price pressures in a number of businesses slowed the earnings trend.

Overall, WACKER reported earnings before interest, taxes, depreciation and amortization (EBITDA) of €253.7 million for January through March 2010 – a rise of 61 percent compared to Q1 2009 (€157.8 million). For the first time in one and a half years, the Group's EBITDA margin – at 23.8 percent – crossed the 20-percent threshold (Q1 2009: 18.1 percent).

The Group's earnings before interest and taxes (EBIT) reached €153.7 million in the period under review, well over double the comparable 2009 figure (Q1 2009: €58.2 million). Accordingly, its EBIT margin rose from 6.7 percent in the first quarter of 2009 to 14.4 percent in Q1 2010.

WACKER POLYSILICON Maintains EBITDA Margin at Just Below 50 Percent
WACKER SILICONES Doubles Its Earnings Contribution

Despite lower market prices, WACKER POLYSILICON succeeded in keeping its profitability at a very high level from January through March 2010. Its strong EBITDA margin of 48.6 percent (Q1 2009: 53.4 percent) was largely fueled by a drop in specific operating costs and by higher sales volumes. EBITDA amounted to €157.5 million. Although 6 percent below its record in Q1 2009 (€168.1 million), EBITDA was well above the preceding quarters, which were influenced by non-recurring items.

At WACKER SILICONES, the positive business trend also impacted earnings. Climbing to €62.1 million, EBITDA more than doubled compared to the previous year (Q1 2009: €27.7 million). Accordingly, the first-quarter EBITDA margin increased to 16.9 percent (Q1 2009: 10.5 percent), partly thanks to lower specific production costs stemming from higher capacity utilization. Earnings growth was also supported by further cost-management measures. Developing in opposing directions, raw-material cost trends more or less canceled each other out: prices for silicon metal fell somewhat, relative to the first quarter of 2009, while methanol was appreciably more expensive than a year ago.

WACKER POLYMERS generated EBITDA of €20.1 million during the first three months of 2010 (Q1 2009: €21.5 million). With an EBITDA margin of 11.8 percent (Q1 2009: 12.5 percent), profitability was slightly below the prior-year quarter – reflecting seasonal construction-sector weakness, and persistent price pressures coupled with substantially higher raw-material costs.

In the first quarter of 2010, WACKER BIOSOLUTIONS continued on its path of profitable growth and reported EBITDA of €4.8 million (Q1 2009: €1.9 million). As a result, its EBITDA margin rose from 8.8 percent in the comparable 2009 quarter to 14.0 percent in the first three months of the current year.

With EBITDA of €1.2 million, Siltronic has returned to a profitable level after four quarters with losses (Q1 2009: €–60 million). Its EBITDA margin was 0.5 percent (Q1 2009: –47.6 percent). The substantial year-over-year increase in plant utilization played a key role in fueling earnings. Other factors included personnel productivity gains, cost-structure improvements and process optimization.

Earnings per Share Up to €2.15 in the First Quarter of 2010

With demand far more brisk than a year ago, WACKER was able to generate substantially higher earnings in January – March 2010 (compared to Q1 2009). Net income for the period amounted to €105.9 million (Q1 2009: €5.5 million). As a result, earnings per share reached €2.15 (Q1 2009: €0.17).

WACKER Employee Numbers Grow Slightly in First Quarter of 2010

Groupwide, WACKER had 15,733 employees on March 31, 2010 (Dec. 31, 2009: 15,618), a rise of 1 percent. The increase stems from higher staffing needs due to accelerating demand and to ongoing expansion projects, especially at WACKER POLYSILICON. At the end of March 2010, WACKER had 11,979 employees in Germany (Dec. 31, 2009: 11,925) and 3,754 at its international sites (Dec. 31, 2009: 3,693).

Investments Decline in the Final Stages of Several Large Strategic Projects

In recent months, WACKER has successfully completed or is currently ramping up several large investment projects aimed at strategically strengthening its global market presence. As a result, first-quarter investment spending dropped 44 percent from a year ago. Overall, WACKER invested €98.3 million worldwide from January through March 2010 (Q1 2009: €176.8 million). One spending focus was the polysilicon plant currently under construction at Nünchritz (Saxony). Another was the development of pyrogenic silica facilities at Zhangjiagang (China).

In March 2010, Wacker Biotech GmbH officially opened a new production plant for pharmaceutical proteins (biologics) in Jena (Germany). The new plant is part of WACKER's investment program to tap into the rapidly growing demand for bioengineered pharmaceutical actives. This facility, together with a new process-development and quality-control building completed last year, brings WACKER's total expansion investment in Jena to €18 million.

Despite high investments, first-quarter net cash flow was clearly positive at €54.6 million (Q1 2009: €70.9 million).

Production-Capacity Consolidation and Optimization Improve Cost Structures and Increase Competitive Strength

Early this year, WACKER SILICONES announced that it would close its pyrogenic silica plant at Kempten during 2011 and transfer the production volumes to Burghausen and Nünchritz. This consolidation will enhance utilization at the remaining facilities. In the USA, the silicone site in Duncan is set for closure, as planned, by the end of 2010. Here, production volumes will be transferred to WACKER's main US site at Adrian.

To reinforce its position in the highly competitive silicon-wafer market, Siltronic has defined lead sites for each wafer diameter. These sites will be given utilization priority when demand fluctuates. The necessary customer qualification of wafers produced at lead sites continues to progress well. Thanks to this optimization of its globally integrated production system, Siltronic has gained the flexibility it needs to manufacture wafers for customers at the site that offers the best cost structure.

Strengthening Competencies through Training, Knowledge Transfer, and Customer Proximity

Early in the year, the Group started to focus and expand the range of programs offered by its international "training and competence centers" under the umbrella designation of WACKER ACADEMY. The emphasis remains on comprehensive construction-chemicals training which, in addition to polymer chemistry, now also covers subjects related to silicone applications for the building sector. The expanded program has more interdisciplinary training, such as seminars on energy-efficient building and masonry protection. The new program also offers specialized chemistry courses for other sectors, such as cosmetics and paints.

Every WACKER ACADEMY training and competence center is directly adjacent to a WACKER technical center. The proximity to R&D and test labs promotes the exchange of expertise and offers participants the chance of on-site tours and testing. WACKER ACADEMY sites have already opened in Burghausen (Germany), Moscow (Russia), Beijing (China) and Mumbai (India). A new center opened in Dubai (United Arab Emirates) in late March, and two other WACKER ACADEMY sites were set up in Singapore and São Paulo (Brazil) shortly after the first quarter (in early April).

At the start of the year, WACKER also finished the expansion of its technical center in Suwon, South Korea. The goal of this investment is to steadily reinforce not only construction-specific R&D expertise, but also customer service in the South Korean market. Via these measures, WACKER is helping promote international quality standards and knowledge exchange with local customers and partners. This expansion will enable WACKER to further strengthen its position in the South Korean market as a technology leader for high-quality chemical raw materials.

WACKER Sponsors and Organizes Bavaria's "Young Scientists" Competition for the Seventh Time

This year, for the seventh time, WACKER sponsored and organized Bavaria's "Young Scientists" competition, which took place in the Deutsches Museum in Munich between March 22 and 25, 2010. "Young Scientists" is Europe's largest competition for aspiring scientists and technologists, and fosters special talents and achievements in these areas.

Proposal on Appropriation of 2009's Profits

On March 24, WACKER published its financial statements for 2009. In accordance with commercial accounting requirements, Wacker Chemie AG posted a retained profit of €533.4 million. The Executive and Supervisory Boards will propose a dividend of €1.20 per share at this year's Annual Shareholders' Meeting. The payout for 2008 was €1.80 per share.

Based on the number of dividend-bearing shares as per December 31, 2009, the cash dividend corresponds to a total payout of €59.6 million. Calculated in relation to WACKER's average share price in 2009, the dividend yield is 1.4 percent. The remainder is to be treated as profit carried forward. The Annual Shareholders' Meeting will be held at Munich's International Congress Center on May 21, 2010.

Condensed Statement of Income

January 1 through March 31, 2010

Condensed Statement of Income

€ million	Q1 2010	Q1 2009	Change in %
Sales	1,067.0	872.5	22.3
Gross profit from sales	289.3	216.5	33.6
Selling, R&D and general administrative expenses	–128.7	–115.9	–11.0
Other operating income and expenses	4.7	–19.2	n. a.
Operating result	165.3	81.4	>100
Result from investments in joint ventures and associates	–11.6	–23.2	50.0
EBIT	153.7	58.2	>100
Financial result	–3.3	–7.1	53.5
Income before taxes	150.4	51.1	>100
Income taxes	–44.5	–45.6	2.4
Net income for the period	105.9	5.5	>100
Of which			
Attributable to Wacker Chemie AG shareholders	106.6	8.3	>100
Attributable to non-controlling interests	–0.7	–2.8	75.0
Earnings per share (€)	2.15	0.17	>100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–
Reconciliation to EBITDA			
EBIT	153.7	58.2	>100
Amortization of noncurrent assets	100.0	99.6	0.4
EBITDA	253.7	157.8	60.8

In Q1 2010, Group earnings clearly reflected the world economy's current rebound. First-quarter sales came in at €1.07 billion, up €194.5 million year over year – an increase of 22 percent. The cost-of-sales ratio was 73 percent (Q1 2009: 75 percent). Better capacity utilization at production facilities resulted in increased coverage of fixed costs, positively impacting the cost of goods sold. Despite lower prices, gross profit from sales thus rose more sharply than sales. It increased €72.8 million or 34 percent compared to the prior-year period. The gross margin from sales rose to 27 percent (Q1 2009: 25 percent).

Functional costs (selling, R&D and general administrative expenses) increased by €12.8 million from a year ago. This 11-percent rise was primarily due to higher selling and general administrative costs.

In Q1 2010, the balance of other operating income and expenses also improved significantly year over year. For this item, WACKER posted income of €4.7 million (Q1 2009: €–19.2 million). The key factor here was the better foreign currency result. The Q1 2010 balance of foreign currency losses (€37.2 million) and gains (€32.6 million) was €–4.6 million. A year earlier, WACKER had reported a net foreign currency loss of €–23.9 million. Miscellaneous other operating income and expenses resulted in income of €9.3 million (Q1 2009: €4.6 million).

The investment result, which is €–11.6 million, essentially contains the result from investments in associates accounted for using the equity method. Year over year, the loss halved. The negative investment result was primarily due to start-up losses from our joint ventures with Samsung Electronics in Singapore and with Dow Corning in China.

The financial result also improved – by €3.8 million to €–3.3 million. Due to the WACKER Group's high level of investment activities, construction-related borrowing costs of €3.3 million (Q1 2009: €1.6 million) were capitalized in Q1 2010, thereby lowering the interest cost. In addition, exchange-rate gains from financial assets enhanced the other financial result.

The tax rate in the period under review was 29.6 percent. A year earlier, the rate had been 89.2 percent due to non-offsettable losses incurred by some Group subsidiaries. Income taxes mostly reflect current taxes on the positive quarterly result.

Condensed Statement of Financial Position

As of March 31, 2010

Assets

€ million	Mar. 31, 2010	Mar. 31, 2009	Change in %	Dec. 31, 2009	Change in %
Intangible assets, property, plant and equipment, and investment property	2,826.0	2,779.1	1.7	2,802.2	0.8
Investments in associates accounted for using the equity method	137.8	175.7	−21.6	140.2	−1.7
Other noncurrent assets	185.2	278.4	−33.5	177.8	4.2
Noncurrent assets	3,149.0	3,233.2	−2.6	3,120.2	0.9
Inventories	458.2	495.9	−7.6	441.2	3.9
Trade receivables	572.3	431.9	32.5	466.8	22.6
Other current assets	617.0	544.1	13.4	513.7	20.1
Current assets	1,647.5	1,471.9	11.9	1,421.7	15.9
Total assets	4,796.5	4,705.1	1.9	4,541.9	5.6

Equity and Liabilities

€ million	Mar. 31, 2010	Mar. 31, 2009	Change in %	Dec. 31, 2009	Change in %
Equity	2,073.2	2,106.1	−1.6	1,942.4	6.7
Noncurrent provisions	743.6	644.8	15.3	727.0	2.3
Financial liabilities	411.7	161.0	>100	363.8	13.2
Other noncurrent liabilities	762.8	962.7	−20.8	776.6	−1.8
Of which advance payments received	743.9	798.1	−6.8	761.8	−2.3
Noncurrent liabilities	1,918.1	1,768.5	8.5	1,867.4	2.7
Financial liabilities	90.9	122.9	−26.0	75.9	19.8
Trade payables	230.9	260.5	−11.4	217.9	6.0
Other current provisions and liabilities	483.4	447.1	8.1	438.3	10.3
Current liabilities	805.2	830.5	−3.0	732.1	10.0
Liabilities	2,723.3	2,599.0	4.8	2,599.5	4.8
Total equity and liabilities	4,796.5	4,705.1	1.9	4,541.9	5.6

Total assets as of March 31, 2010 increased by €254.6 million or 6 percent from December 31, 2009. Noncurrent assets were nearly stable compared to year-end 2009. Intangible assets and property, plant and equipment rose by €24.0 million to €2.82 billion. Investments in associates accounted for using the equity method remained virtually unchanged at €137.8 million.

Q1 2010 investments amounted to €98.3 million. Funds primarily flowed into WACKER POLYSILICON's new production facilities. Current depreciation totaled €100.0 million. Moreover, other changes – particularly exchange-rate effects – had a positive effect of €26.9 million on intangible assets, property, plant and equipment, and investment property. On balance, intangible assets, property, plant and equipment, and investment property rose by €23.8 million or 1 percent compared to December 31, 2009.

Despite losses of €11.6 million, investments in associates accounted for using the equity method remained virtually unchanged thanks to positive exchange-rate effects, which increased the carrying amount of the investments.

Total asset growth was mainly caused by higher working capital. Current assets rose €225.8 million to €1.65 billion, up 16 percent. This was due to an increase in inventories and trade receivables. Inventories grew by €17.0 million to €458.2 million and trade receivables gained 23 percent, climbing €105.5 million to €572.3 million. Higher year-over-year sales had an impact here.

Other current assets also increased by €103.3 million to €617.0 million (up 20 percent). In particular, liquidity increased by €107.5 million to €471.1 million – of which €42.8 million was invested in current securities and fixed-term deposits with a maturity of over three months. Additional factors were higher deferred income (which was to be expected in Q1), and lower receivables from derivative financial instruments and incentives received.

Equity rose €130.8 million to €2.07 billion. On December 31, 2009, equity amounted to €1.94 billion. This growth mainly stemmed from the higher year-over-year net income for the period, which amounted to €105.9 million. Other equity increased by €23.4 million to €–15.9 million. Factors here were effects from currency translation totaling €37.4 million, as well as variations in market value changes totaling €–14.0 million from hedge accounting recognized in equity. The equity ratio rose from 42.8 percent to 43.2 percent.

Noncurrent liabilities increased slightly by 3 percent or €50.7 million. This mainly stems from financial liabilities, which rose €47.9 million because credit lines for long-term loans in Asia were used as planned. These loans help secure financing of WACKER's investments in the region. Other noncurrent liabilities dropped slightly, particularly due to a reduction in noncurrent advance payments received.

Current liabilities climbed €73.1 million to €805.2 million, up 10 percent (Dec. 31, 2009: €732.1 million). Trade payables rose €13.0 million to €230.9 million. Current provisions increased €10.6 million as a result of higher current tax provisions. In contrast, other provisions fell by €21.1 million due to the utilization of personnel provisions and other operating provisions. Other current liabilities grew by €55.3 million to €337.1 million (Dec. 31, 2009: €281.8 million). In particular, liabilities for performance bonuses and vacation/overtime rose by a total of €45.6 million. Liabilities from derivative financial instruments increased by €13.4 million. In contrast, advance payments received dropped by €10.8 million.

Current financial liabilities rose by €15.0 million to €90.9 million. Overall, financial liabilities amounted to €502.6 million (Q1 2009: €439.7 million). Financial liabilities rose by €62.9 million compared to year-end 2009. Balanced with liquidity, net financial liabilities equaled €31.5 million, a drop of €44.6 million from the end of fiscal 2009 (€76.1 million).

Condensed Statement of Cash Flows

January 1 through March 31, 2010

Condensed Statement of Cash Flows

€ million	Q1 2010	Q1 2009	Change in %
Net income for the period	105.9	5.5	>100
Amortization of noncurrent assets	100.0	99.6	0.4
Changes in inventories	–0.8	8.9	n. a.
Changes in trade receivables	–93.3	30.4	n. a.
Changes in other assets	–2.9	24.3	n. a.
Change in advance payments made and received	–28.7	67.9	n. a.
Non-cash expenses from equity accounting	11.6	18.7	–38.0
Other non-cash expenses and income	67.7	–14.1	n. a.
Cash flow from operating activities	159.5	241.2	–33.9
Payments for investments	–104.9	–170.3	–38.4
Cash flow from noncurrent investment activities	–104.9	–170.3	–38.4
Acquisition/disposal of current financial assets	–42.8	25.5	n. a.
Cash flow from investment activities	–147.7	–144.8	1.0
Changes in financial liabilities	49.3	6.5	>100
Cash flow from financing activities	49.3	6.5	>100
Changes due to exchange rate fluctuations	3.6	1.9	89.5
Changes in cash and cash equivalents	64.7	104.8	–36.8
At the beginning of the year	363.6	204.2	78.1
At the end of the period	428.3	309.0	39.1
Additional information			
Cash flow from operating activities (gross cash flow)	159.5	241.2	–33.9
Cash flow from noncurrent investment activities	–104.9	–170.3	–38.4
Net cash flow	54.6	70.9	–23.0

In Q1 2010, the balance of cash flow from operating activities was lower than in the prior-year quarter. It decreased from €241.2 million to €159.5 million despite the higher net income for the period of €105.9 million (Q1 2009: €5.5 million). This €81.7 million (or 34 percent) decline primarily stems from changes in trade receivables, which rose €93.3 million in Q1 2010 after falling €30.4 million a year earlier. Additionally, the reduction of advance payments received lowered gross cash flow by €28.7 million compared to year-end 2009. In contrast, additions from advance payments received had increased Q1 2009 cash flow by €67.9 million.

On the upside, the rise in liabilities of €76.5 million (posted under other non-cash expenses and income) had a positive impact in Q1 2010. Year over year, the growth of liabilities enhanced cash flow by €105.5 million.

First-quarter cash flow from noncurrent investment activities decreased to €104.9 million, down €65.4 million from the prior-year period. This was because our ongoing investment projects were at less intensive expenditure stages than a year ago. During the first three months of 2010, investment spending focused on new polysilicon production facilities.

In Q1 2010, current commercial papers and fixed-term deposits with a maturity of over three months were acquired as financial assets at a value of €42.8 million. This reduced the cash flow from current investment activities. In Q1 2009, €25.5 million of German government securities (Bundeswertpapiere) were sold.

The net cash flow as the sum of cash flow from operating activities and noncurrent investment activities totaled €54.6 million in the period under review (Q1 2009: €70.9 million).

The cash flow from financing activities was characterized by an increase in bank loans. Adjusted for currency-related changes, proceeds for the company were €49.3 million. Overall, cash and cash equivalents grew by €64.7 million from December 31, 2009.

Division Results

January 1 through March 31, 2010

Sales

€ million	Q1 2010	Q1 2009	Change in %
WACKER SILICONES	367.0	264.9	38.6
WACKER POLYMERS	170.8	172.3	−0.9
WACKER BIOSOLUTIONS	34.4	21.6	59.1
WACKER POLYSILICON	323.9	315.0	2.8
SILTRONIC	219.1	126.0	73.9
Corporate functions/Other	34.3	53.1	−35.5
Consolidation	−82.5	−80.4	−2.5
Group sales	1,067.0	872.5	22.3

EBIT

€ million	Q1 2010	Q1 2009	Change in %
WACKER SILICONES	44.9	5.5	>100
WACKER POLYMERS	11.1	12.7	−12.6
WACKER BIOSOLUTIONS	3.2	1.0	>100
WACKER POLYSILICON	123.0	146.5	−16.0
SILTRONIC	−20.5	−94.5	78.3
Corporate functions/Other	−7.3	−9.9	26.3
Consolidation	−0.7	−3.1	77.4
Group EBIT	153.7	58.2	>100

EBITDA

€ million	Q1 2010	Q1 2009	Change in %
WACKER SILICONES	62.1	27.7	>100
WACKER POLYMERS	20.1	21.5	−6.5
WACKER BIOSOLUTIONS	4.8	1.9	>100
WACKER POLYSILICON	157.5	168.1	−6.3
SILTRONIC	1.2	−60.0	n. a.
Corporate functions/Other	8.7	1.7	>100
Consolidation	−0.7	−3.1	77.4
Group EBITDA	253.7	157.8	60.8

Reconciliation with Segment Results

€ million	Q1 2010	Q1 2009	Change in %
Operating result of reporting segments	161.7	71.2	>100
Corporate functions/Other	−7.3	−9.9	26.3
Consolidation	−0.7	−3.1	77.4
Group EBIT	153.7	58.2	>100
Financial result	−3.3	−7.1	53.5
Income before taxes	150.4	51.1	>100

WACKER SILICONES

WACKER SILICONES

€ million	Q1 2010	Q1 2009	Change in %
Sales			
External sales	362.8	260.4	39.3
Internal sales	4.3	4.5	–5.3
Total sales	367.0	264.9	38.6
EBIT	44.9	5.5	>100
EBIT margin (%)	12.2	2.1	>100
Depreciation	17.2	22.2	–22.5
EBITDA	62.1	27.7	>100
EBITDA margin (%)	16.9	10.5	61.0
Capital expenditures	18.6	13.1	42.0
As of	Mar. 31, 2010	Dec. 31, 2009	
Number of employees	3,559	3,873	–8.1

In Q1 2010, WACKER SILICONES increased its total sales by 39 percent to €367.0 million (Q1 2009: €264.9 million). Continuing its upward trend from the prior year, WACKER SILICONES remains the WACKER Group's main sales contributor. In virtually all business areas, new orders were very strong and sales reached record levels. Nevertheless, prices are under pressure in some product segments. Regionally, the strongest growth momentum is coming from Asia, eastern Europe and South America.

Driven by strong demand, Q1's production-capacity utilization was much higher than a year ago, reaching up to 90 percent at some facilities. As a result, specific production costs declined, supporting the division's earnings. On the downside, earnings were held back by partially lower product prices, higher costs for methanol (a raw material) and exchange-rate effects. Overall, WACKER SILICONES posted Q1 2010 earnings before interest, taxes, depreciation and amortization (EBITDA) of €62.1 million – more than double the prior-year figure (Q1 2009: €27.7 million). The EBITDA margin for the first three months of 2010 correspondingly rose to 16.9 percent (Q1 2009: 10.5 percent).

In Q1 2010, WACKER SILICONES invested €18.6 million (Q1 2009: €13.1 million) – primarily in the ongoing expansion of pyrogenic-silica production facilities at Zhangjiagang, China.

To further improve cost structures, WACKER SILICONES announced early this year that it would close its pyrogenic silica plant at Kempten during 2011 and transfer the production volumes to Burghausen and Nünchritz. This production consolidation will enhance utilization at the remaining facilities. In the USA, the silicone site in Duncan is set for closure, as planned, by the end of 2010. Here, production volumes will be transferred to WACKER's main US site at Adrian.

WACKER SILICONES had a total of 3,559 employees on March 31, 2010 (Dec. 31, 2009: 3,873). This 8 percent decline was primarily due to Nünchritz's site management becoming a separate organizational unit.

WACKER POLYMERS

WACKER POLYMERS

€ million	Q1 2010	Q1 2009	Change in %
Sales			
External sales	165.9	170.8	–2.9
Internal sales	4.9	1.5	>100
Total sales	170.8	172.3	–0.9
EBIT	11.1	12.7	–12.6
EBIT margin (%)	6.5	7.4	–12.2
Depreciation	9.0	8.8	2.3
EBITDA	20.1	21.5	–6.5
EBITDA margin (%)	11.8	12.5	–5.6
Capital expenditures	2.6	11.0	–76.4
As of	Mar. 31, 2010	Dec. 31, 2009	
Number of employees	1,365	1,362	0.2

WACKER POLYMERS' performance was subdued in the first quarter of 2010. At €170.8 million, sales were broadly on a par with the previous year (Q1 2009: €172.3 million). The harsh winter meant that construction-sector demand only picked up tangibly toward the end of the quarter. Asian markets were the main catalysts of demand. Overall, sales of dispersible polymer powders were about 10 percent up on the prior-year quarter, but prices remained under pressure.

For the first three months of 2010, WACKER POLYMERS posted EBITDA of €20.1 million (Q1 2009: €21.5 million). With an EBITDA margin of 11.8 percent, the division's profitability was slightly down on the prior year (Q1 2009: 12.5 percent). Alongside lower prices for dispersible polymer powders and dispersions, higher costs for ethylene (a raw material) slowed earnings.

The division's first-quarter capital expenditures amounted to €2.6 million (Q1 2009: €11.0 million).

At the start of the year, WACKER completed the expansion of its technical center in Suwon, South Korea. The purpose of the investment is not only to steadily reinforce construction-specific R&D expertise, but also customer service in the South Korean market. As well as labs for research and application support, the technical center houses sales, marketing, customer service and administration functions. Bringing the sales office and technical center together under one roof enables WACKER's sales and development specialists to collaborate closely for optimal customer support. The expansion highlights WACKER's resolve to build on its position as technology leader for high-quality chemical raw materials in the South Korean market.

WACKER POLYMERS had 1,365 employees on March 31, 2010 (Dec. 31, 2009: 1,362).

WACKER BIOSOLUTIONS

WACKER BIOSOLUTIONS

€ million	Q1 2010	Q1 2009	Change in %
Sales			
External sales	33.2	20.6	61.1
Internal sales	1.2	1.0	18.0
Total sales	34.4	21.6	59.1
EBIT	3.2	1.0	>100
EBIT margin (%)	9.3	4.6	>100
Depreciation	1.6	0.9	77.8
EBITDA	4.8	1.9	>100
EBITDA margin (%)	14.0	8.8	59.1
Capital expenditures	2.0	3.5	–42.9
As of	Mar. 31, 2010	Dec. 31, 2009	
Number of employees	346	344	0.6

The WACKER Group has restructured its biotech and fine-chemicals activities to give them a sharper focus. The division formerly operating as WACKER FINE CHEMICALS changed its name to WACKER BIOSOLUTIONS at the start of 2010. Concentrating now on the food and life science sectors, the division plans to increasingly offer customers integrated solutions tailored to their needs.

In January through March 2010, WACKER BIOSOLUTIONS generated total sales of €34.4 million (Q1 2009: €21.6 million). This 59 percent rise mainly stems from the reorganization of the Group's chewing gum base activities, which were transferred from WACKER POLYMERS to WACKER BIOSOLUTIONS in mid-2009. Additionally, sales of cysteine, cyclodextrins and acetylacetone were higher than a year ago.

WACKER BIOSOLUTIONS posted Q1 2010 earnings before interest, taxes, depreciation and amortization (EBITDA) of €4.8 million (Q1 2009: €1.9 million). The EBITDA margin climbed from 8.8 percent in the prior-year period to 14.0 percent.

The division's capital expenditures over the three months of January through March 2010 amounted to €2.0 million (Q1 2009: €3.5 million). In early March, the division officially opened a new production plant for biologics (pharmaceutical proteins) in Jena, Germany. The new plant is part of WACKER's investment program to meet soaring demand for bioengineered pharmaceutical actives. WACKER uses its proprietary ESETEC® and

DENSETEC® technologies to produce biologics much more simply, cheaply and in higher yields than is possible with conventional methods. This facility, together with a new process-development and quality-control building completed last year, brings WACKER's total expansion investment in Jena to €18 million.

As of March 31, 2010, employee numbers at WACKER BIOSOLUTIONS totaled 346 (Dec. 31, 2009: 344).

WACKER POLYSILICON

WACKER POLYSILICON

€ million	Q1 2010	Q1 2009	Change in %
Sales			
External sales	273.2	279.9	–2.4
Internal sales	50.7	35.1	44.4
Total sales	323.9	315.0	2.8
EBIT	123.0	146.5	–16.0
EBIT margin (%)	38.0	46.5	–18.3
Depreciation	34.5	21.6	59.7
EBITDA	157.5	168.1	–6.3
EBITDA margin (%)	48.6	53.4	–9.0
Capital expenditures	52.2	113.9	–54.2
As of	Mar. 31, 2010	Dec. 31, 2009	
Number of employees	1,631	1,600	1.9

With total first-quarter sales of €323.9 million, WACKER POLYSILICON beat its prior-year record by 3 percent (Q1 2009: €315.0 million) and underscored its position as WACKER's second-largest sales contributor. Production volumes also rose to a new record level, fueled by additional polysilicon capacity from Expansion Stage 8 (currently in the ramp-up phase). Thanks to the high quality of our hyperpure polycrystalline silicon, the entire output could be placed on the market at attractive prices amid intensifying competition. Demand in Asia rose particularly sharply.

Although market prices for polysilicon are lower than a year ago, average prices have stabilized since the fourth quarter. Despite the market-price decline compared to Q1 2009, WACKER POLYSILICON remained highly profitable from January through March 2010 and achieved an EBITDA margin of 48.6 percent (Q1 2009: 53.4 percent). Earnings before interest, taxes, depreciation and amortization reached €157.5 million. Although 6 percent below the Q1 2009 record (€168.1 million), EBITDA was well above the preceding quarters, which were impacted by non-recurring items to some extent.

In the first three months of the year, investments focused on building Nünchritz's new (Poly 9) production facilities for hyperpure polycrystalline silicon. Construction work is proceeding on schedule. At Burghausen, the Poly 8 Expansion Stage came on stream last year. It is currently being ramped up and should reach its planned nominal capacity of 10,000 metric tons per year in Q2 2010. This will take the Group's nominal polysilicon capacity to over 25,000 metric tons per year.

WACKER POLYSILICON's employee numbers totaled 1,631 on March 31, 2010 (Dec. 31, 2009: 1,600).

SILTRONIC

SILTRONIC

€ million	Q1 2010	Q1 2009	Change in %
Sales			
External sales	218.1	125.4	73.9
Internal sales	1.0	0.6	70.0
Total sales	219.1	126.0	73.9
EBIT	–20.5	–94.5	–78.3
EBIT margin (%)	–9.4	–75.0	87.5
Depreciation	21.7	34.5	37.1
EBITDA	1.2	–60.0	n. a.
EBITDA margin (%)	0.5	–47.6	n. a.
Capital expenditures	10.2	20.5	–50.2
As of	Mar. 31, 2010	Dec. 31, 2009	
Number of employees	5,058	5,096	–0.7

Siltronic profited from a strong rise in silicon-wafer demand during Q1 2010. The division generated total sales of €219.1 million – up 74 percent against the prior-year period, which was especially weak (Q1 2009: €126.0 million). Compared with Q4 2009 (€184.4 million), Siltronic's sales grew 19 percent. Wafer sales by surface area sold trebled year over year. Plant utilization was correspondingly high, averaging 80 percent. For some product types, plants reached full capacity. Sales outperformed 2009's first quarter across every region. Growth was steepest in Asia.

On the earnings side, Siltronic also reported substantial growth for Q1 2010. Earnings were primarily spurred by the marked increase in capacity utilization compared to a year ago. Having posted a negative EBITDA of €–60.0 million in Q1 2009, Siltronic generated EBITDA of €1.2 million in Q1 2010. EBITDA had still been negative at €–22.6 million in the fourth quarter of 2009. The EBITDA margin is now 0.5 percent (Q1 2009: –47.6 percent).

To gain a stronger edge in the highly competitive silicon-wafer market, Siltronic has designated lead sites for each wafer diameter. These sites will be given utilization priority when demand fluctuates. As a result, Siltronic has discontinued 150 mm wafer production at Freiberg and transferred these production volumes to Burghausen. In the 300 mm wafer segment, Freiberg and Singapore are the lead sites. Singapore is also the lead site for 200 mm wafers. The necessary customer qualification of wafers produced at the lead sites continues to progress well. Thanks to this optimization of its globally integrated production system, Siltronic has gained the flexibility it needs to manufacture wafers for customers at the site that offers the best cost structure.

As of March 31, 2010, Siltronic employed a total of 5,058 (Dec. 31, 2009: 5,096).

Other

In Q1 2010, sales posted under “Other” totaled €34.3 million (Q1 2009: €53.1 million). EBITDA for January through March 2010 was €8.7 million (Q1 2009: €1.7 million). Employee numbers in this segment grew to 3,774 (Dec. 31, 2009: 3,343). This rise was mainly due to the polysilicon production plant currently under construction at Nünchritz, where infrastructure functions are now managed on a centralized basis.

Risks and Opportunities

Entrepreneurial Vigilance Needed Despite Economic Recovery

WACKER's Executive Board acted promptly during the global financial and economic crisis, taking decisive steps in response to the demand slump in several divisions and to growing price and competitive pressures. These measures successfully limited the downturn's impact on the Group so that WACKER emerged relatively unscathed from the economic turbulence.

Even if the global economy is set to recover in 2010, a large number of macroeconomic and financial risks remain. Uncertainties and unforeseeable factors in the world's financial markets pose as much of a threat to economic recovery as high levels of sovereign debt and high unemployment in many industrial nations. Furthermore, economic overheating – worldwide or in individual regions – can cause disproportionate rises in raw-material and energy prices. A strengthening of the euro would adversely affect the sales prospects of WACKER products in dollar-denominated regions.

Since it supplies a wide variety of markets, the Group can more easily offset weaker demand in one segment by increasing sales in others. WACKER is responding to competitive pressure from Asia by increasingly regionalizing its production base and consciously boosting its quality and cost leadership, particularly for high-selling products. The measures WACKER implements to counter the risk of overcapacity, for instance in chemicals, include carefully steering its own production volumes and using structured price management.

The specific risks facing individual divisions, market segments and sales regions – and WACKER's measures to counter these risks – are described in detail on pages 113 to 123 of the current Annual Report for 2009. Active risk management is a key part of corporate management at WACKER. Its goal is to identify risks as early as possible, then evaluate, control and monitor them and – if necessary – overcome them using appropriate measures. A defined risk strategy forms the backbone of our risk management system. It is regularly reviewed and updated by the Executive Board. The focus is on groupwide processes for strategic planning and on our internal reporting system.

Over and above the risks presented in the Annual Report 2009 (in the Risk Management Report), no further material risks have arisen in the period under review. Nor does the Executive Board currently see any individual or aggregate risk that could substantially endanger the Group as a going concern. WACKER considers itself to be strategically and financially well-positioned to take advantage of any opportunities that arise.

Outlook and Forecast

Global Economic Recovery Continues, Creating New Market and Sales Opportunities

After the sharp downturn of 2008 and 2009, the global economy is back on a growth course. The latest consensus forecast is for a rebound in global economic output in 2010, albeit of modest proportions.

As mentioned in the first chapter of this Quarterly Report, the International Monetary Fund (IMF) predicts global economic growth of 3.9 percent in 2010.[1] The global upturn will be mainly powered by emerging and developing countries, where the IMF anticipates 6.0 percent growth. China continues to deliver the strongest economic growth worldwide, with 10.0 percent projected for 2010.[1] The rise in GDP (gross domestic product) in the leading industrialized countries will be a more modest 2.1 percent this year. According to the IMF's latest forecasts, the USA will see its GDP increase 2.7 percent in 2010. Japan's GDP growth is expected to remain in the mid-range at 1.7 percent.[1] The EU Commission predicts GDP growth of 0.7 percent for the eurozone over 2010 as a whole.[2] In Germany, the Joint Economic Forecast project team expects real GDP to grow by an average of 1.5 percent over the year.[3]

The predicted global recovery will bring a further boost in demand and create fresh sales opportunities in WACKER's main sectors of interest, including chemicals, construction, electronics and solar. For a detailed analysis of the general sector-specific conditions, please refer to the Outlook in WACKER's current Annual Report for 2009 (page 128 et seq.).

Internationalization of Activities and Production-Capacity Expansion Continue

WACKER's Executive Board and upper management basically expect international business to gain further ground in 2010, mirroring the pattern of previous years. As it progressively expands its global production, sales and service network, WACKER will systematically focus its efforts on supplying growth markets (such as Brazil, China, India and Russia) even more effectively with WACKER products, while maintaining its strong position in established markets (such as Europe and the USA).

One priority is to significantly increase sales and grow profitably, especially in China (already the world's second-largest and fastest-growing chemical market). Over the next two years, we will press on with building and commissioning additional siloxane and pyrogenic-silica production capacity at Zhangjiagang.

[1] International Monetary Fund, World Economic Outlook Update, New York, January 26, 2010
[2] German Federal Ministry of Economics and Technology, monthly report for April 2010, March 23, 2010
[3] Joint Economic Forecast project team ("Projektgruppe Gemeinschaftsdiagnose"): "The Recovery Continues – Considerable Risks Remain," Spring Report 2010, Kiel, April 13, 2010

WACKER POLYSILICON will also bring additional production capacities on stream, targeting growth in the photovoltaic sector. Polysilicon production is scheduled to start up at Nünchritz (Germany) in late 2011.

Following its reorganization, our newly named WACKER BIOSOLUTIONS division now focuses primarily on the food and life science markets. Its new organizational structure is explicitly customer-driven. The aim of this strategic focus is to enhance expertise for our target groups, to build on our strong market positions for cysteine, cyclodextrins and chewing gum base, and to further develop and commercialize biotech processes.

We do not envisage any further major changes in the business policies and organizational orientation of the WACKER Group at the moment.

Financial Stability Paving the Way for Further Growth

The WACKER Group's financial stability will remain a touchstone of corporate management and corporate development in the months and years ahead. We finalized the most important financing measures back in 2008 and 2009. WACKER has secured its financing for the immediate future and beyond, and will slightly increase its leverage in the next two years. The reason for this is the ongoing high investment level. At the same time, cash flow from operations will diminish because WACKER POLYSILICON is now gradually fulfilling supply obligations arising from long-term agreements for which it has already received advance payments. From today's perspective, WACKER expects investments in property, plant and equipment, and financial assets to range from €600 million to €700 million in 2010. The lion's share of these funds is earmarked for strategic growth projects at WACKER POLYSILICON. Investments will also exceed depreciation in 2011. A negative net cash flow is planned for 2010.

Research and Development: an Investment in the Future

WACKER will allocate over 20 percent of its R&D budget in the current year to key strategic R&D projects. Overall, we are planning to increase 2010's R&D spending by more than five percent compared to the prior year.

Improvements in Procurement and Logistics

WACKER was able to secure the supply of most of the silicon and electricity needed for 2010 at contractual prices fixed back in 2009. Quantities and terms have been agreed for 2010 for ethylene and methanol, though the actual prices to be paid will depend on market conditions during the course of the year. In the next two years, we intend to gradually reduce our dependency on individual suppliers of raw materials and of technical goods and services. Due to the scale of investment in our ongoing expansion program, Technical Procurement continues to focus on enhancing support for large-scale projects.

Employee Numbers to Rise in Line with Requirements

In 2010, recruitment of new employees will be cautiously demand-led. Group payroll numbers are expected to rise by several hundred this year, chiefly due to expansion projects at WACKER POLYSILICON. In China, employee levels will continue to rise over the next two years in line with market developments. WACKER is keeping the number of vocational training slots constant.

Overall Business Expectations

If the world economy continues to grow during the remainder of the year (as forecast), WACKER's Executive Board and upper management expect sales volumes to increase at every division during 2010. Regionally, Asia will remain the key growth driver.

From today's viewpoint, we expect the Group's full-year sales to exceed €4 billion in 2010, with earnings before interest, taxes, depreciation and amortization growing substantially compared to the prior year.

Munich, April 29, 2010

The Executive Board

Condensed Interim Financial Statements

January 1 through March 31, 2010

Statement of Income

€ million	Q1 2010	Q1 2009	Change in %
Sales	1,067.0	872.5	22.3
Cost of goods sold	–777.7	–656.0	18.6
Gross profit from sales	289.3	216.5	33.6
Selling expenses	–63.3	–58.1	–9.0
R&D expenses	–40.3	–37.7	–6.9
General administrative expenses	–25.1	–20.1	–24.9
Other operating income	43.1	58.6	–26.5
Other operating expenses	–38.4	–77.8	50.6
Operating result	165.3	81.4	>100
Result from investments in joint ventures and associates	–11.6	–23.2	50.0
EBIT (earnings before interest and taxes)	153.7	58.2	>100
Net interest income	0.1	0.5	–80.0
Other financial result	–3.4	–7.6	55.3
Income before taxes	150.4	51.1	>100
Income taxes	–44.5	–45.6	2.4
Net income for the period	105.9	5.5	>100
Of which			
Attributable to Wacker Chemie AG shareholders	106.6	8.3	>100
Attributable to non-controlling interests	–0.7	–2.8	75.0
Earnings per share in € (basic/diluted)	2.15	0.17	>100
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–

Statement of Comprehensive Income

January 1 through March 31, 2010

Statement of Comprehensive Income

€ million	2010 Before taxes	2010 Deferred taxes	2010	2009 Before taxes	2009 Deferred taxes	2009
Net income for the period			105.9			5.5
Changes in market values of the securities available for sale	–0.1	–	–0.1	–	–	–
Change in foreign currency translation adjustments	37.4	–	37.4	21.1	–	21.1
Cash flow hedge	–18.5	5.3	–13.2	–7.0	–1.2	–8.2
Of which included in profit and loss	0.3	–0.1	0.2	17.2	–1.2	16.0
Pro rata cash flow hedge at companies accounted for using the equity method	–0.7	–	–0.7	4.5	–	4.5
Non-controlling interests	1.5	–	1.5	0.4	–	0.4
Income and expenses recognized in equity	19.6	5.3	24.9	19.0	–1.2	17.8
Total income and expenses reported			130.8			23.3
Of which						
Attributable to Wacker Chemie AG shareholders			130.0			25.7
Attributable to non-controlling interests			0.8			–2.4

Statement of Financial Position

As of March 31, 2010

Assets

€ million	Mar. 31, 2010	Mar. 31, 2009	Change in %	Dec. 31, 2009	Change in %
Intangible assets	21.1	23.9	−11.7	22.0	−4.1
Property, plant and equipment, and investment property	2,804.9	2,755.2	1.8	2,780.2	0.9
Investment in associates accounted for using the equity method	137.8	175.7	−21.6	140.2	−1.7
Financial assets	81.1	72.8	11.4	75.1	8.0
Other assets	90.9	176.8	−48.6	93.5	−2.8
Deferred tax assets	13.2	28.8	−54.2	9.2	43.5
Noncurrent assets	3,149.0	3,233.2	−2.6	3,120.2	0.9
Inventories	458.2	495.9	−7.6	441.2	3.9
Trade receivables	572.3	431.9	32.5	466.8	22.6
Other assets	145.9	159.5	−8.5	150.1	−2.8
Liquidity	471.1	384.6	22.5	363.6	29.6
Current assets	1,647.5	1,471.9	11.9	1,421.7	15.9
Total assets	4,796.5	4,705.1	1.9	4,541.9	5.6

Equity and Liabilities

€ million	Mar. 31, 2010	Mar. 31, 2009	Change in %	Dec. 31, 2009	Change in %
Subscribed capital	260.8	260.8	–	260.8	–
Capital reserves	157.4	157.4	–	157.4	–
Treasury shares	−45.1	−45.1	–	−45.1	–
Other equity items	1,682.4	1,721.0	−2.2	1,552.4	8.4
Non-controlling interests	17.7	12.0	47.5	16.9	4.7
Equity	2,073.2	2,106.1	−1.6	1,942.4	6.7
Provisions for pensions	454.0	382.5	18.7	445.1	2.0
Other provisions	289.6	262.3	10.4	281.9	2.7
Deferred tax liabilities	15.2	47.2	−67.8	13.6	11.8
Financial liabilities	411.7	161.0	>100	363.8	13.2
Other liabilities	747.6	915.5	−18.3	763.0	−2.0
Noncurrent liabilities	1,918.1	1,768.5	8.5	1,867.4	2.7
Other provisions	130.2	78.3	66.3	140.8	−7.5
Financial liabilities	90.9	122.9	−26.0	75.9	19.8
Trade payables	230.9	260.5	−11.4	217.9	6.0
Other liabilities	353.2	368.8	−4.2	297.5	18.7
Current liabilities	805.2	830.5	−3.0	732.1	10.0
Liabilities	2,723.3	2,599.0	4.8	2,599.5	4.8
Total equity and liabilities	4,796.5	4,705.1	1.9	4,541.9	5.6

Statement of Cash Flows

January 1 through March 31, 2010

Statement of Cash Flows

€ million	Q1 2010	Q1 2009	Change in %
Net income for the period	105.9	5.5	>100
Amortization of noncurrent assets	100.0	99.6	0.4
Changes in provisions	3.9	3.3	18.2
Changes in deferred taxes	3.2	1.8	77.8
Changes in inventories	–0.8	8.9	n. a.
Changes in trade receivables	–93.3	30.4	n. a.
Changes in other assets	–2.9	24.3	n. a.
Change in advance payments made and received	–28.7	67.9	n. a.
Changes in liabilities	76.5	–29.0	n. a.
Non-cash changes from equity accounting	11.6	18.7	–38.0
Other non-cash expenses and income	–15.9	9.8	n. a.
Cash flow from operating activities (gross cash flow)	159.5	241.2	–33.9
Investment in noncurrent assets	–105.1	–171.2	–38.6
Proceeds from the disposal of noncurrent assets	0.2	0.9	–77.8
Cash flow from noncurrent investment activities	–104.9	–170.3	–38.4
Acquisition/disposal of current securities	–42.8	25.5	n. a.
Cash flow from investment activities	–147.7	–144.8	1.0
Change in financial liabilities	49.3	6.5	>100
Cash flow from financing activities	49.3	6.5	>100
Changes due to exchange rate fluctuations	3.6	1.9	89.5
Changes in cash and cash equivalents	64.7	104.8	–36.8
At the beginning of the year	363.6	204.2	78.1
At the end of the period	428.3	309.0	39.1
Additional information			
Cash flow from operating activities (gross cash flow)	159.5	241.2	–33.9
Cash flow from noncurrent investment activities	–104.9	–170.3	–38.4
Net cash flow	54.6	70.9	–23.0

Statement of Changes in Equity/Reconciliation of Other Equity Items

January 1 through March 31, 2010

Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2009	260.8	157.4	–45.1	1,751.9	–56.6	2,068.4	14.4	2,082.8
Net income for the period	–	–	–	8.3	–	8.3	–2.8	5.5
Income and expenses recognized in equity	–	–	–	–	17.4	17.4	0.4	17.8
March 31, 2009	260.8	157.4	–45.1	1,760.2	–39.2	2,094.1	12.0	2,106.1
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	–	–	–	106.6	–	106.6	–0.7	105.9
Income and expenses recognized in equity	–	–	–	–	23.4	23.4	1.5	24.9
March 31, 2010	260.8	157.4	–45.1	1,698.3	–15.9	2,055.5	17.7	2,073.2

Reconciliation of Other Equity Items

€ million	Changes in market value of the securities available for sale	Foreign currency translation adjustments	Cash flow hedge	Total (excluding non-controlling interests)
Jan. 1, 2009	0.4	–44.1	–12.9	–56.6
Changes	–	21.1	–3.7	17.4
March 31, 2009	0.4	–23.0	–16.6	–39.2
Jan. 1, 2010	0.6	–50.9	11.0	–39.3
Changes	–0.1	37.4	–13.9	23.4
March 31, 2010	0.5	–13.5	–2.9	–15.9

Notes

Q1 2010

Accounting and Valuation Methods

The interim consolidated financial statements for Wacker Chemie AG as of March 31, 2010 have been prepared in accordance with International Accounting Standard (IAS) 34 applicable in the European Union, in condensed form and maintaining unchanged the accounting and valuation methods applied in fiscal 2009.

Please refer to the consolidated financial statements for Wacker Chemie AG as of December 31, 2009, for further information on the individual accounting and valuation methods applied.

Changes in the Scope of Consolidation

Wacker Silicones Technology (Shanghai) Co. Ltd., Shanghai, was wound up in the first quarter of 2010. The company had not been active since July 2008.

Segment Reporting

Please refer to the interim management report for information on segment reporting. The division previously operating as WACKER FINE CHEMICALS increased its focus on biochemistry and changed its name to WACKER BIOSOLUTIONS effective January 1, 2010. As part of this reorganization, the polyvinyl acetate solid resins business (for chewing gum base) has been reported within the WACKER BIOSOLUTIONS segment since the start of Q3 2009. The changes to internal management and reporting included separating chewing gum base business from WACKER POLYMERS. Sales from this business to be recognized in the WACKER BIOSOLUTIONS segment reached €11.5 million, making a minor positive contribution to earnings.

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 holds 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 only in respect of the business relations with Wacker Chemie AG's major shareholders and its Executive and Supervisory Board members.

The relationship of internal performance allocation between Wacker Chemie AG and its majority shareholder Dr. Alexander Wacker Familiengesellschaft mbH is of subordinate importance. Furthermore, WACKER Group companies did not conduct any significant transactions whatsoever with members of Wacker Chemie AG's Executive or Supervisory Board 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.

In addition, trade is conducted between some Group companies and associated companies/joint ventures in the normal course of business. Business transactions are conducted at arm's length. The sales from these transactions are of no material significance for WACKER. The WACKER Group was not involved in any atypical transactions of material significance for ourselves or for related parties. The scope of financial receivables and liabilities in respect of related parties is insignificant.

Please refer to the consolidated financial statements of Wacker Chemie AG as of December 31, 2009 for further information.

Exchange Rates

For the reporting period and the previous year, the following euro/US dollar exchange rates were used for translating foreign currency items and for the financial statements of companies of which the functional currency is the US dollar:

	Exchange rate as of		Average exchange rate	
	Mar. 31, 2010	Mar. 31, 2009	**Q1 2010**	Q1 2009
USD	**1.34**	1.33	**1.38**	1.30

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

There were no material events after the balance sheet date.

Responsibility Statement

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

Munich, April 29, 2010
Wacker Chemie AG

Rudolf Staudigl Wilhelm Sittenthaler

Joachim Rauhut Auguste Willems

Upcoming Dates/ Investor Relations

Upcoming Dates

May 21, 2010
Annual Shareholders' Meeting
Munich, Germany

June 28-29, 2010
Capital Market Days
Burghausen, Germany

July 30, 2010
Presentation of the
Half-Year Report

November 5, 2010
Presentation of the
3rd Quarterly Report

Investor Relations

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