

January through September 2018

Published on October 25, 2018

Q3



Interim Report — As of September 30, 2018

Chemical sales perform strongly in the reporting quarter, up 11 percent versus last year, while polysilicon sales decline 49 percent amid lower volumes and prices

As a result, Group sales for Q3 2018 reach €1.24 billion, down 5 percent year over year and 7 percent quarter over quarter

At €242 million, EBITDA decreases 19 percent versus last year and 7 percent versus a quarter ago

Net income for Q3 2018 amounts to €69 million

Net cash flow is slightly positive at €13 million

Full-year forecast confirmed: Group sales for 2018 expected to grow by a low-single-digit percentage, with EBITDA likely to rise by a mid-single-digit percentage

Cover — Silicone-based thermal interface materials are indispensable for electromobility. They ensure that waste heat from electronic components dissipates easily, making for highly efficient heat management. Increasingly, thermally conductive silicones are also used to cool batteries.

WACKER — At a Glance

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
Results/Return/Cash Flow						
Sales	1,242.7	1,311.6	-5.3	3,790.2	3,748.7	1.1
EBITDA ¹	241.7	298.0	-18.9	756.7	780.7	-3.1
EBITDA margin ² (%)	19.4	22.7	-	20.0	20.8	-
EBIT ³	106.5	155.3	-31.4	353.2	330.4	6.9
EBIT margin ² (%)	8.6	11.8	-	9.3	8.8	-
Financial result	-16.7	-21.3	-21.6	-51.9	-72.1	-28.0
Income from continuing operations before income taxes	89.8	134.0	-33.0	301.3	258.3	16.6
Income from continuing operations	68.9	104.2	-33.9	231.5	195.9	18.2
Income from discontinued operations	-	-	-	-	634.7	-100.0
Net income for the period	68.9	104.2	-33.9	231.5	830.6	-72.1
Earnings per share from continuing operations (basic/diluted) (€)	1.31	2.04	-35.8	4.42	3.80	16.3
Earnings per share (basic/diluted) (€)	1.31	2.04	-35.8	4.42	16.40	-73.0
Capital expenditures	121.6	74.9	62.3	288.5	196.4	46.9
Depreciation/amortization	135.2	142.7	-5.3	403.5	450.3	-10.4
Net cash flow ⁴ from continuing operations	13.2	205.3	-93.6	79.8	352.4	-77.4

	Sept. 30, 2018	Sept. 30, 2017	Dec. 31, 2017
Financial Position			
Total assets	6,998.0	7,052.0	6,835.7
Equity	3,142.3	3,204.2	3,169.3
Equity ratio (%)	44.9	45.4	46.4
Financial liabilities	1,018.6	1,264.9	1,001.6
Net financial debt ⁵	637.1	463.6	454.4
Employees (number at end of period)	14,407	13,798	13,811

¹ EBITDA is EBIT before depreciation and amortization.

² Margins are calculated based on sales.

³ EBIT is the result from continuing operations for the period before interest result and other financial result, and income taxes.

⁴ Sum of cash flow from operating activities (excluding changes in advance payments) and cash flow from long-term investing activities (before securities), including additions due to finance leases.

⁵ Sum of cash and cash equivalents, noncurrent and current securities, and noncurrent and current financial liabilities.

Dear Shareholders,

In the third quarter, WACKER's performance reflected different trends. On the one hand, our chemical divisions delivered strong overall growth, increasing their total sales and EBITDA year over year. WACKER POLYSILICON, on the other hand, experienced far more difficult market conditions. The result was that both Group sales and EBITDA decreased compared with last year.

WACKER SILICONES' performance for the quarter was especially gratifying. Customer demand for our silicones remained at a high level. Benefiting from this environment, we increased volumes for specialties and achieved marked price increases. The division grew its quarterly sales versus last year, and lifted its EBITDA even more than sales. With demand growing, we are looking at further steps to expand production capacities in every region.

At WACKER POLYMERS, both volumes and total sales for the quarter rose versus a year ago. Earnings slowed, though, because raw-material costs were higher than last year. The division is countering this effect with further price rises.

4 At WACKER BIOSOLUTIONS, the signals point to expansion. As planned, the division started producing fermentation-generated cystine at its new site in León, Spain, this August. Moreover, the integration of its biologics site in Amsterdam progressed well during the quarter.

At WACKER POLYSILICON, current market conditions are very challenging. At the start of June, the Chinese government reduced some solar feed-in tariffs and revised grid policies for solar installations. That decision slowed demand for solar modules and weighed on prices for solar silicon. WACKER POLYSILICON used this market situation for inventory rebuilding, which will allow it to supply customers promptly once demand and prices have picked up.

Overall, WACKER's prospects for this year and beyond remain positive. Our chemical business is developing strongly and photovoltaics, despite the market's temporary weakness, is as promising as ever – not least because of the global climate-policy challenges. As a result, we confirm our previous guidance and expect Group sales and EBITDA to grow in full-year 2018.

Munich, October 25, 2018
Wacker Chemie AG's Executive Board

WACKER Stock

Global stock markets proved rather volatile from July through September 2018. Although economic conditions remained generally robust, political risks clouded stock-market sentiment. According to leading economic experts, the world economy continues to grow, albeit at a slower pace. At the same time, the world's major central banks have pressed on with normalizing monetary policy. In the United States, the Federal Reserve raised its funds rate in late September by 25 basis points, to a range of 2.00 percent to 2.25 percent. The European Central Bank, for its part, intends to stop its bond-buying program, probably by year-end. Market uncertainty, on the other hand, was high in the quarter due to the ongoing trade conflicts between the United States and both China and the European Union.

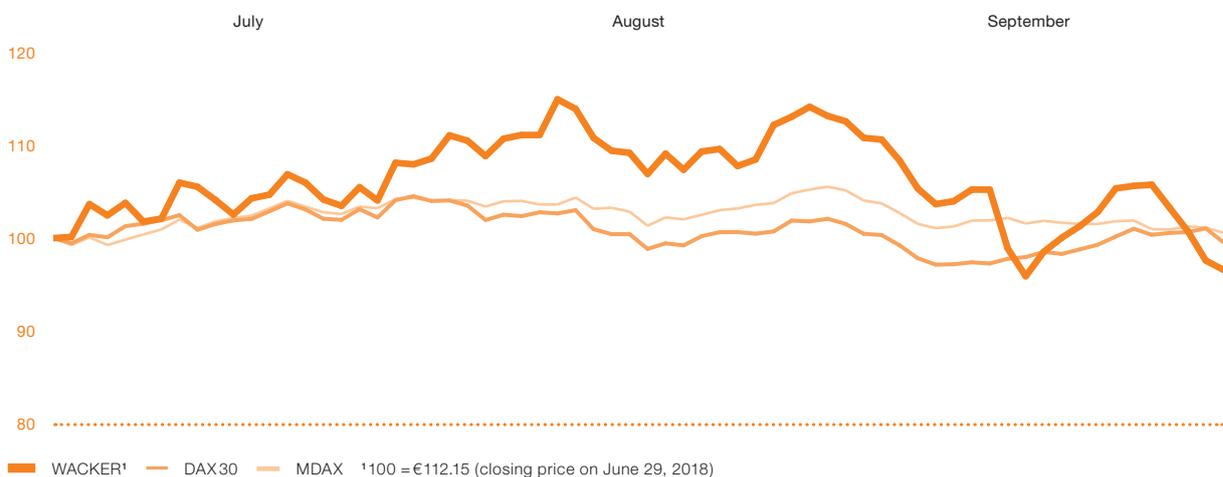
Germany's benchmark indices began the third quarter robustly, posting noticeable gains until late July. In the weeks that followed, the trend was uneven. Then, in early September, mounting uncertainty began to take hold, leading to a substantial decline in stock prices. Overall, the DAX closed the quarter half a percent lower than at the end of June, while the MDAX posted a slight gain of 1 percent.

WACKER stock started Q3 at €112.15 (closing price on June 29, 2018). Initially, it clearly outperformed the market as a whole, reaching its reporting-quarter high of €128,90 on August 8. Starting early September, the stock then lost considerable ground. The decline reflected general market trends. It was also prompted by competitors announcing silicone-capacity expansions. WACKER stock reached its quarterly low of €107.55 on September 13 and closed the

three months at €108.30 on September 28. That was 3 percent lower than at the start of the quarter and corresponded to a market capitalization of €5.38 billion.

✂ Please refer to the 2017 Annual Report (pages 36 to 40) and the internet (www.wacker.com/investor-relations) for more details about WACKER stock.

WACKER Share Performance in Q3 2018 (indexed to 100)¹



Group Performance and Earnings

January 1 to September 30, 2018

Sales

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
WACKER SILICONES	634.9	559.3	13.5	1,894.5	1,663.6	13.9
WACKER POLYMERS	338.8	317.9	6.6	983.8	960.0	2.5
WACKER BIOSOLUTIONS	57.3	53.2	7.7	168.8	156.0	8.2
WACKER POLYSILICON	173.5	341.7	-49.2	634.9	856.5	-25.9
Corporate functions/Other	43.7	45.0	-2.9	125.6	126.8	-0.9
Consolidation	-5.5	-5.5	0.0	-17.4	-14.2	22.5
Group sales	1,242.7	1,311.6	-5.3	3,790.2	3,748.7	1.1

EBITDA

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
WACKER SILICONES	173.4	128.0	35.5	498.5	346.2	44.0
WACKER POLYMERS	46.9	57.0	-17.7	121.4	171.7	-29.3
WACKER BIOSOLUTIONS	6.0	10.3	-41.7	21.5	30.0	-28.3
WACKER POLYSILICON	4.3	85.0	-94.9	91.6	226.8	-59.6
Corporate functions/Other	10.9	18.3	-40.4	24.9	4.8	>100
Consolidation	0.2	-0.6	n.a.	-1.2	1.2	n.a.
Group EBITDA	241.7	298.0	-18.9	756.7	780.7	-3.1

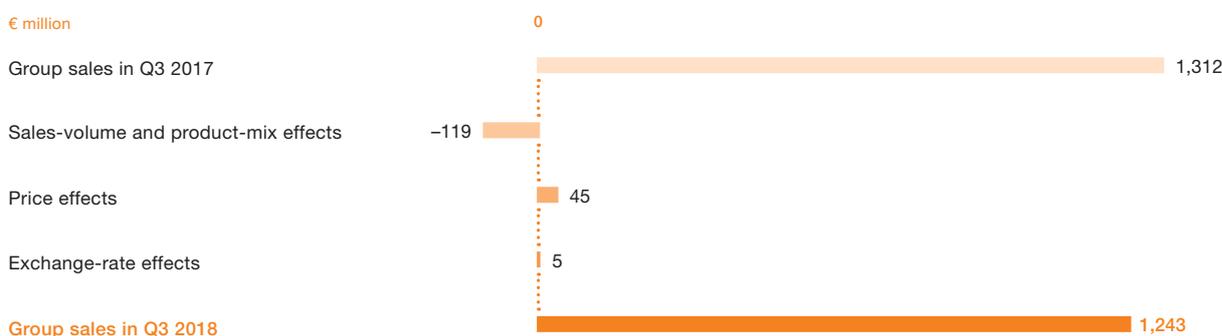
EBIT

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
WACKER SILICONES	153.4	107.4	42.8	438.4	283.9	54.4
WACKER POLYMERS	37.3	48.0	-22.3	92.9	143.7	-35.4
WACKER BIOSOLUTIONS	2.5	7.4	-66.2	11.4	21.4	-46.7
WACKER POLYSILICON	-78.8	-5.2	>100	-155.0	-63.7	>100
Corporate functions/Other	-8.1	-1.7	>100	-33.3	-56.1	-40.6
Consolidation	0.2	-0.6	n.a.	-1.2	1.2	n.a.
Group EBIT	106.5	155.3	-31.4	353.2	330.4	6.9

In Q3 2018, WACKER generated total sales of €1,242.7 million. That was a decline of 5 percent compared with a year ago (€1,311.6 million). It mainly stemmed from markedly lower volumes and lower average prices for solar silicon versus last year. The decline was not fully offset by chemical business, which achieved better prices, positive product-mix effects and higher silicone volumes for specialties. Changes in exchange rates had only a marginal impact on the year-over-year sales trend. Compared with a quarter ago (€1,329.9 million), Group sales were down 7 percent,

mainly due to lower volumes. Seasonal factors also played a role, with demand in the summer months weaker due to the vacation period in Europe and North America. In the first nine months of 2018, WACKER's sales climbed to €3,790.2 million, 1 percent higher than in the same period last year (€3,748.7 million).

Year-over-Year Sales Comparison



Continued Sales Growth in All Regions Except Asia

In Q3 2018, Group sales continued to grow in every region except for Asia. Sales there declined 24 percent versus Q3 2017 due to lower polysilicon volumes. The strongest gain was in the Americas, with 12 percent. In Europe, sales were 6 percent higher year over year. Compared with Q2 2018, sales gained 4 percent in the Americas, declined 18 percent in Asia and matched the quarter-ago level in Europe.

From January through September 2018, the Americas and Europe reported continued sales growth, adding 3 percent and 6 percent, respectively. Sales in Asia, however, decreased 6 percent in the first nine months due to lower polysilicon volumes.

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Group Sales by Region

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %	% of Group sales
Europe	542.4	511.5	6.0	1,605.9	1,514.7	6.0	43
The Americas	232.0	207.0	12.1	657.4	641.0	2.6	19
Asia	407.8	536.4	-24.0	1,336.2	1,421.3	-6.0	33
Other regions	60.5	56.7	6.7	190.7	171.7	11.1	5
Total sales	1,242.7	1,311.6	-5.3	3,790.2	3,748.7	1.1	100

EBITDA at €242 Million, with EBITDA Margin at 19.4 Percent

WACKER generated EBITDA of €241.7 million in Q3 2018. That was 19 percent below last year (€298.0 million). Alongside lower sales, one of the main factors slowing earnings was the marked rise in raw-material costs. Relative to the

preceding quarter (€260.5 million), EBITDA contracted 7 percent, dampened primarily by the current market weakness facing solar business. High plant utilization rates, on the other hand, strengthened reporting-quarter EBITDA. The Group's EBITDA margin was 19.4 percent for the three

months from July through September 2018, after 22.7 percent a year earlier and 19.6 percent a quarter ago.

The cost-of-sales ratio came in at 82 percent in the reporting quarter, up 3 percentage points versus Q3 2017. One reason for this increase was the cost of ramping-up plants at Charleston (USA).

From January through September 2018, Group EBITDA totaled €756.7 million, 3 percent less than in the same period last year (€780.7 million). The EBITDA margin for the first nine months was 20.0 percent, after 20.8 percent a year earlier.

Reporting-Quarter EBIT at €107 Million

Reconciliation of EBITDA to EBIT

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
EBITDA	241.7	298.0	-18.9	756.7	780.7	-3.1
Depreciation/appreciation of fixed assets	135.2	142.7	-5.3	403.5	450.3	-10.4
EBIT	106.5	155.3	-31.4	353.2	330.4	6.9

Group earnings before interest and taxes (EBIT) declined markedly year over year due to the factors already mentioned. EBIT for July through September 2018 came in at €106.5 million, after €155.3 million a year earlier. That was a decline of 31 percent and yielded an EBIT margin of 8.6 percent, versus 11.8 percent a year ago. Compared with Q2 2018 (€125.0 million), EBIT decreased by 15 percent.

In the first nine months of 2018, Group EBIT was €353.2 million, versus last year's €330.4 million, an increase of 7 percent.

Reconciliation of EBIT to Net Income for the Period

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
EBIT	106.5	155.3	-31.4	353.2	330.4	6.9
Financial result	-16.7	-21.3	-21.6	-51.9	-72.1	-28.0
Income from continuing operations before income taxes	89.8	134.0	-33.0	301.3	258.3	16.6
Income taxes	-20.9	-29.8	-29.9	-69.8	-62.4	11.9
Income from continuing operations after income taxes	68.9	104.2	-33.9	231.5	195.9	18.2
Income from discontinued operations after income taxes	-	-	-	-	634.7	-100.0
Net income for the period	68.9	104.2	-33.9	231.5	830.6	-72.1
Of which						
Attributable to Wacker Chemie AG shareholders	65.1	101.3	-35.7	219.4	814.8	-73.1
Attributable to non-controlling interests	3.8	2.9	31.0	12.1	15.8	-23.4
Earnings per share in € (basic/diluted)	1.31	2.04	-35.8	4.42	16.40	-73.0
Average number of shares outstanding (weighted)	49,677,983	49,677,983	-	49,677,983	49,677,983	-

Result from Investments

Due to higher income from Siltronic AG, the result from investments in joint ventures and associates rose significantly. It amounted to €28.7 million in the reporting quarter, after €16.3 million a year ago. From January through September 2018, the result from investments in joint ventures and associates amounted to €74.3 million, after €21.3 million in the same period last year. WACKER sold part of its stake in Siltronic AG at the end of Q1 2017 and has since accounted for the company using the equity method.

Financial and Net Interest Result

WACKER's financial result improved year over year in line with expectations, coming in at €-16.7 million in Q3 2018, after €-21.3 million a year ago. The improvement mainly stemmed from lower interest expenses of €5.2 million, compared with €9.7 million a year earlier. In the first nine months of 2018, the financial result was €-51.9 million, after €-72.1 million the year before. WACKER posted higher interest income of €6.4 million from fixed-term foreign-currency deposits, up from €4.8 million last year. At the same time, interest expenses were lower at €18.5 million, down from €29.8 million a year ago. WACKER repaid financial liabilities, but also agreed new financing at favorable interest rates.

The other financial result amounted to €-13.8 million in the reporting quarter, after €-13.1 million a year ago. It includes not only the interest-rate effects of provisions for pensions and other provisions, but also exchange-rate effects and the costs of derivative financial instruments used to hedge Group loans. In the first nine months of the year, the other financial result totaled €-39.8 million, compared with last year's €-47.1 million. The expected interest expense on uncertain tax items amounted to €1.5 million from January through September 2018, after €1.8 million in the comparable period last year.

Income Taxes

The effective tax rate for the first nine months of the year was 23.2 percent, after 24.2 percent in the same period last year. This decrease was mainly due to high investment income from Siltronic AG, which was recognized after tax and formed part of pre-tax income. Due to a clarification of accounting policies by the ASCG (Accounting Standards Committee of Germany), interest and penalties related to income taxes are no longer accounted for as tax expense. Uncertain tax items led to a tax expense of €1.5 million, which is now recognized under other financial result.

Net Income for the Period

Net income totaled €68.9 million in Q3 2018, compared with €104.2 million a year ago. From January through September 2018, net income totaled €231.5 million, versus €330.6 million in the same period last year. The year-earlier figure included net income of €634.7 million from discontinued operations in connection with the deconsolidation of Siltronic as a WACKER segment. As a result of the effects described above, income from continuing operations in the first nine months rose from €195.9 million to €231.5 million.

Earnings per Share

Earnings per share came in at €1.31 in Q3 2018, after €2.04 a year ago. In the first nine months of the year, earnings per share from continuing operations totaled €4.42, compared with €3.80 in the same period last year.

Division Performance

WACKER SILICONES

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
External sales	634.9	559.3	13.5	1,894.4	1,663.5	13.9
Internal sales	–	–	–	0.1	0.1	–
Total sales	634.9	559.3	13.5	1,894.5	1,663.6	13.9
EBIT	153.4	107.4	42.8	438.4	283.9	54.4
EBIT margin (%)	24.2	19.2	–	23.1	17.1	–
Depreciation	20.0	20.6	–2.9	60.1	62.3	–3.5
EBITDA	173.4	128.0	35.5	498.5	346.2	44.0
EBITDA margin (%)	27.3	22.9	–	26.3	20.8	–
Capital expenditures	57.9	32.0	80.9	138.3	88.9	55.6
R&D expenses	14.9	14.3	4.2	45.0	44.4	1.4
As of	Sept. 30, 2018	June 30, 2018		Sept. 30, 2018	Dec. 31, 2017	
Number of employees	5,046	4,962	1.7	5,046	4,737	6.5

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In Q3 2018, WACKER SILICONES generated total sales of €634.9 million, 14 percent more than a year ago (€559.3 million). That growth was driven not only by better prices, but also by higher volumes for specialties and, thus, an enhanced product mix. Growth was especially strong, for instance, for silicone products used in construction applications, especially adhesives and sealants. Compared with a quarter ago (€653.8 million), sales were down 3 percent, partly due to seasonal factors. In the first nine months of 2018, sales at WACKER SILICONES totaled €1,894.5 million, versus €1,663.6 million in the same period last year. That was an increase of 14 percent.

EBITDA at WACKER SILICONES reached €173.4 million in the reporting quarter, 36 percent higher than a year ago (€128.0 million). Profitability benefited not only from sales growth, but also from product-mix effects and generally high production output. As a result, the division more than compensated for the marked year-over-year rise in raw-

material costs. Relative to a quarter ago (€176.6 million), EBITDA fell 2 percent because of slower sales. During the reporting quarter, production plants operated at their capacity limits. The EBITDA margin for Q3 2018 improved to 27.3 percent, from 22.9 percent in Q3 2017 and 27.0 percent a quarter ago. From January through September 2018, EBITDA reached €498.5 million, versus €346.2 million for the same period last year. That was an increase of 44 percent. The corresponding EBITDA margin for the first nine months was 26.3 percent, after last year's 20.8 percent.

WACKER SILICONES' capital expenditures amounted to €57.9 million in Q3 2018, after €32.0 million a year ago. Investment projects included construction of a new pyrogenic silica plant at Charleston (USA), the ongoing expansion of silicon-metal production at Holla (Norway), and new facilities for downstream silicone products at Burghausen (Germany) and Zhangjiagang (China).

WACKER POLYMERS

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
External sales	333.3	312.5	6.7	966.5	946.0	2.2
Internal sales	5.5	5.4	1.9	17.3	14.0	23.6
Total sales	338.8	317.9	6.6	983.8	960.0	2.5
EBIT	37.3	48.0	-22.3	92.9	143.7	-35.4
EBIT margin (%)	11.0	15.1	-	9.4	15.0	-
Depreciation	9.6	9.0	6.7	28.5	28.0	1.8
EBITDA	46.9	57.0	-17.7	121.4	171.7	-29.3
EBITDA margin (%)	13.8	17.9	-	12.3	17.9	-
Capital expenditures	16.0	11.1	44.1	41.6	29.2	42.5
R&D expenses	7.4	7.0	5.7	22.3	22.7	-1.8
As of	Sept. 30, 2018	June 30, 2018		Sept. 30, 2018	Dec. 31, 2017	
Number of employees	1,584	1,570	0.9	1,584	1,539	2.9

Sales at WACKER POLYMERS totaled €338.8 million in the reporting quarter, 7 percent higher than a year ago (€317.9 million). The increase stemmed from volume growth and better prices. Relative to the preceding quarter (€343.1 million), sales were down 1 percent. The slight decline was mainly due to somewhat lower volumes amid seasonally weaker demand. From January through September 2018, sales at WACKER POLYMERS reached €983.8 million, after €960.0 million in the same period last year. That was an increase of 3 percent.

In the reporting quarter, business was strong for polymer products used in construction, coatings and carpet applications. WACKER POLYMERS' plant-utilization rate averaged over 90 percent from July through September.

The division's EBITDA amounted to €46.9 million in Q3 2018, after €57.0 million a year ago. This 18 percent decline stemmed mainly from substantially higher raw-material costs. To counter this development, the division is raising the prices of its products. Compared with a quarter ago (€32.6 million), EBITDA climbed 44 percent. The preceding quarter's EBITDA was dampened by the effects of a scheduled plant shutdown. In addition, somewhat better prices overall and high plant utilization rates had a positive effect on reporting-quarter EBITDA. The EBITDA margin was 13.8 percent in Q3 2018, after 17.9 percent a year ago and

9.5 percent in the preceding quarter. In the first nine months, WACKER POLYMERS posted EBITDA of €121.4 million, compared with €171.7 million in the same period last year. That was a decrease of 29 percent and yielded an EBITDA margin of 12.3 percent, versus 17.9 percent last year.

WACKER POLYMERS invested €16.0 million in the reporting quarter, compared with €11.1 million a year ago. Investment projects included the expansion of production capacities at Burghausen (Germany) and Ulsan (South Korea).

WACKER BIOSOLUTIONS

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
External sales	57.3	53.1	7.9	168.8	155.9	8.3
Internal sales	–	0.1	–100.0	–	0.1	–100.0
Total sales	57.3	53.2	7.7	168.8	156.0	8.2
EBIT	2.5	7.4	–66.2	11.4	21.4	–46.7
EBIT margin (%)	4.4	13.9	–	6.8	13.7	–
Depreciation	3.5	2.9	20.7	10.1	8.6	17.4
EBITDA	6.0	10.3	–41.7	21.5	30.0	–28.3
EBITDA margin (%)	10.5	19.4	–	12.7	19.2	–
Capital expenditures	5.3	2.6	>100	13.7	7.3	87.7
R&D expenses	1.6	1.4	14.3	4.7	4.5	4.4
As of	Sept. 30, 2018	June 30, 2018		Sept. 30, 2018	Dec. 31, 2017	
Number of employees	692	691	0.1	692	533	29.8

WACKER BIOSOLUTIONS reported total sales of €57.3 million in Q3 2018. That was 8 percent higher than last year (€53.2 million) and on par with a quarter ago (€57.2 million). The year-over-year gain mainly reflected volume growth and better prices for some products. Pharmaceutical proteins and acetylacetone performed particularly well during the quarter. In the first nine months of the year, sales at WACKER BIOSOLUTIONS totaled €168.8 million, versus €156.0 million in the same period last year. That was a rise of 8 percent.

WACKER BIOSOLUTIONS' reporting-quarter EBITDA was €6.0 million, 42 percent below last year's €10.3 million. Reasons for the decrease included not only higher raw-material costs, but also integration costs at the new Dutch biologics plant and the currently low utilization rates there. Versus a quarter ago (€5.4 million), EBITDA was up 11 percent. The EBITDA margin was 10.5 percent, after 19.4 percent a year ago and 9.4 percent in Q2 2018. From January through September 2018, WACKER BIOSOLUTIONS posted EBITDA of €21.5 million, compared with €30.0 million the year before. That was a year-over-year decline of 28 percent and yielded an EBIT margin of 12.7 percent, versus 19.2 percent last year.

WACKER BIOSOLUTIONS invested €5.3 million in the reporting quarter, after €2.6 million a year ago.

On April 16, 2018, WACKER acquired a production plant for biologics in Amsterdam (Netherlands) from SynCo Bio Partners Luxembourg S.à.r.l. – along with the associated business portfolio.

⇒ For more details about this acquisition, please see the Interim Report on the 2nd Quarter of 2018 (the Notes section), starting page 31.

WACKER POLYSILICON

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
External sales	173.5	341.7	-49.2	634.9	833.8	-23.9
Internal sales	-	-	-	-	22.7	-100.0
Total sales	173.5	341.7	-49.2	634.9	856.5	-25.9
EBIT	-78.8	-5.2	>100	-155.0	-63.7	>100
EBIT margin (%)	-45.4	-1.5	-	-24.4	-7.4	-
Depreciation	83.1	90.2	-7.9	246.6	290.5	-15.1
EBITDA	4.3	85.0	-94.9	91.6	226.8	-59.6
EBITDA margin (%)	2.5	24.9	-	14.4	26.5	-
Capital expenditures	16.0	13.8	15.9	42.2	35.8	17.9
R&D expenses	8.6	4.3	100.0	24.6	17.6	39.8
As of	Sept. 30, 2018	June 30, 2018		Sept. 30, 2018	Dec. 31, 2017	
Number of employees	2,552	2,550	0.1	2,552	2,538	0.6

WACKER POLYSILICON generated total sales of €173.5 million in the reporting quarter. That was 49 percent below the year-earlier figure (€341.7 million) and 28 percent less than a quarter ago (€242.1 million). This marked decline was due mainly to substantially reduced volumes and lower average prices for polysilicon. China's early-June announcement that it was curbing solar feed-in tariffs and capping the amount of new photovoltaic installations for the current year slowed demand for solar modules. This, in turn, impacted the reporting-quarter price level for solar silicon, which was significantly lower, both year over year and quarter over quarter. WACKER POLYSILICON used this market situation for inventory rebuilding, which will allow it to supply customers promptly once demand and prices have picked up. During the reporting quarter, production plants operated at their capacity limits. In the first nine months of 2018, the division's sales totaled €634.9 million, versus €856.5 million the year before. That was a decline of 26 percent.

EBITDA at WACKER POLYSILICON came in at €4.3 million in the reporting quarter, substantially lower than both a year ago (€85.0 million) and a quarter ago (€39.1 million). Alongside the impact of lower sales, earnings were also dampened by the ramp-up costs at Charleston. The division's EBITDA margin for the July-through-September quarter was 2.5 percent, after 24.9 percent in Q3 2017 and 16.2 percent in Q2 2018.

From January through September 2018, WACKER POLYSILICON's EBITDA totaled €91.6 million, 60 percent less than the year before (€226.8 million). No insurance compensation for the business interruption loss at Charleston was booked in the period under review. The EBITDA margin for the first nine months of 2018 was 14.4 percent, after 26.5 percent in the same period last year.

WACKER POLYSILICON's capital expenditures amounted to €16.0 million in the reporting quarter, compared with €13.8 million a year ago.

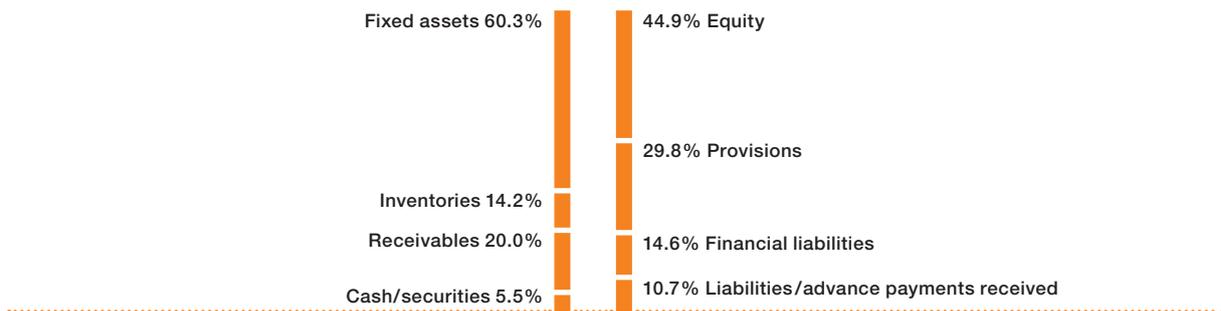
Net Assets and Financial Position

September 30, 2018

Asset and Capital Structure

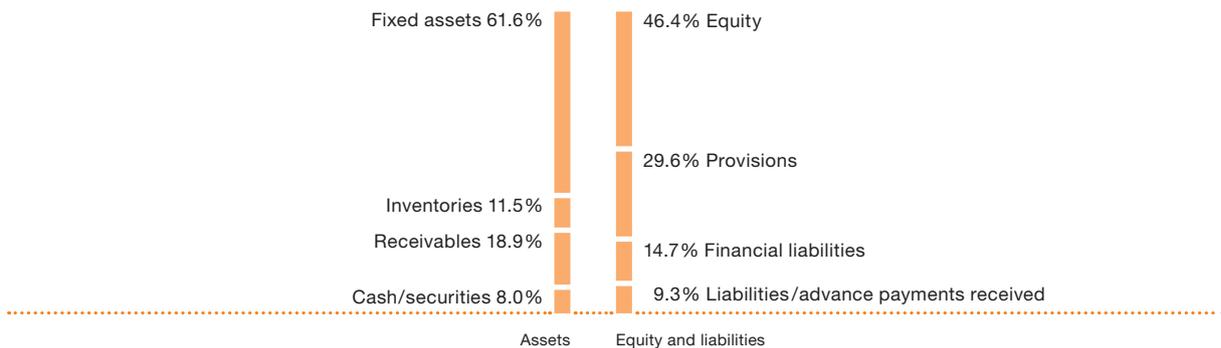
Sept. 30, 2018

Balance Sheet Total €6,998.0 million



Dec. 31, 2017

Balance Sheet Total €6,835.7 million



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WACKER's balance sheet totaled €7.0 billion on September 30, 2018, after €6.84 billion on December 31, 2017. On the assets side, working capital rose and liquidity declined markedly due, among other things, to the dividend payment in Q2 2018. The main changes on the equity and liabilities side were an increase in provisions for pensions and higher trade payables.

Fixed Assets Unchanged on Balance

At the end of the reporting period, fixed assets (including equity-accounted investments) amounted to €4.11 billion (Dec. 31, 2017: €4.11 billion). Depreciation decreased fixed assets by €403.5 million. Capital expenditures lifted fixed assets by €288.5 million, while changes in exchange rates added around €50 million. Profit from the investment in Siltronic increased the overall result from equity-accounted investments by €46.1 million to €610.7 million.

Substantial Increase in Working Capital

Working capital climbed 18 percent to €1.39 billion (Dec. 31, 2017: €1.17 billion). Trade receivables rose, as did inventories and trade payables. These effects are largely attributable to good business performance in the first nine months and to the strategic build-up of inventories at WACKER POLYSILICON.

At the end of the reporting period, advance payments received – which have been recognized under contract liabilities since January 1, 2018 – amounted to €149.6 million (Dec. 31, 2017: €174.3 million).

Change in Working Capital

€ million	Sept. 30, 2018	Sept. 30, 2017	Change in %	Dec. 31, 2017	Change in %
Trade receivables	748.3	723.8	3.4	655.7	14.1
Inventories	992.4	756.6	31.2	783.6	26.6
Trade payables	-354.2	-283.1	25.1	-268.5	31.9
Working capital	1,386.5	1,197.3	15.8	1,170.8	18.4

Liquidity Down 30 Percent

At September 30, 2018, WACKER posted liquid assets (current and noncurrent securities, cash and cash equivalents) of €381.5 million (Dec. 31, 2017: €547.2 million). That was a decrease of 30 percent. In Q1 2018, WACKER received an advance payment of US\$ 100 million in insurance compensation for the loss event in Tennessee. Liquid assets were also lifted by the disbursement of €300 million in connection with a new promissory note (German Schuldschein) in January 2018. At the same time, WACKER repaid debt prematurely. In Q2 2018, liquidity dropped mainly because of Wacker Chemie AG's dividend payment of €223.6 million, but also due to the payment of variable compensation.

Provisions for Pensions Up Due to Lower Discount Rates

At the end of the reporting period, provisions for pensions amounted to €1.71 billion (Dec. 31, 2017: €1.62 billion), up €92.0 million. The discount rates were 2.03 percent in

Germany (Dec. 31, 2017: 2.09 percent) and 4.14 percent in the USA (Dec. 31, 2017: 3.50 percent).

Equity Ratio at 44.9 Percent

Compared with year-end 2017, Group equity was down slightly, coming in at €3.14 billion (Dec. 31, 2017: €3.17 billion). The resulting equity ratio was 44.9 percent (Dec. 31, 2017: 46.4 percent). Positive net income for the period and effects from provisions for pensions were the chief factors here. Net income increased equity by €231.5 million and the changes in provisions for pensions recognized in other comprehensive income reduced equity by €45.6 million. Exchange-rate effects lifted equity by €23.8 million. Dividend payments decreased equity by €228.3 million.

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Net Cash Flow

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
Cash flow from operating activities (gross cash flow)	102.6	259.4	-60.4	334.9	504.3	-33.6
Change in advance payments received	9.1	14.2	-35.9	24.7	55.7	-55.7
Cash flow from long-term investing activities before securities	-98.5	-68.3	44.2	-279.8	-207.6	34.8
Additions from finance leases	-	-	-	-	-	-
Net cash flow from continuing operations	13.2	205.3	-93.6	79.8	352.4	-77.4

Gross Cash Flow

Cash flow from operating activities (gross cash flow) totaled €334.9 million in the first nine months of 2018, after €504.3 million in the same period last year. Gross cash flow benefited from improved net income from continuing operations and from advance payments of US\$ 100 million in insurance compensation for the loss event at the Charleston, Tennessee site. Net income for the period included non-cash depreciation of €403.5 million (versus

€450.3 million last year) and non-cash profit from investments in joint ventures and associates of €74.3 million (versus €21.3 million last year). The dividend payment by Siltronic AG in the amount of €23.1 million lifted cash flow from operating activities. Higher tax payments, the payment of variable compensation and the increase in working capital had a negative impact on cash flow from operating activities.

Cash Flow from Investing Activities

Cash flow from investing activities came in at €-279.8 million in the first nine months of 2018, higher than the year before (€-207.6 million). It chiefly comprised current investments in the chemical divisions and the acquisition of a biologics production site in Amsterdam, the Netherlands.

Net Cash Flow

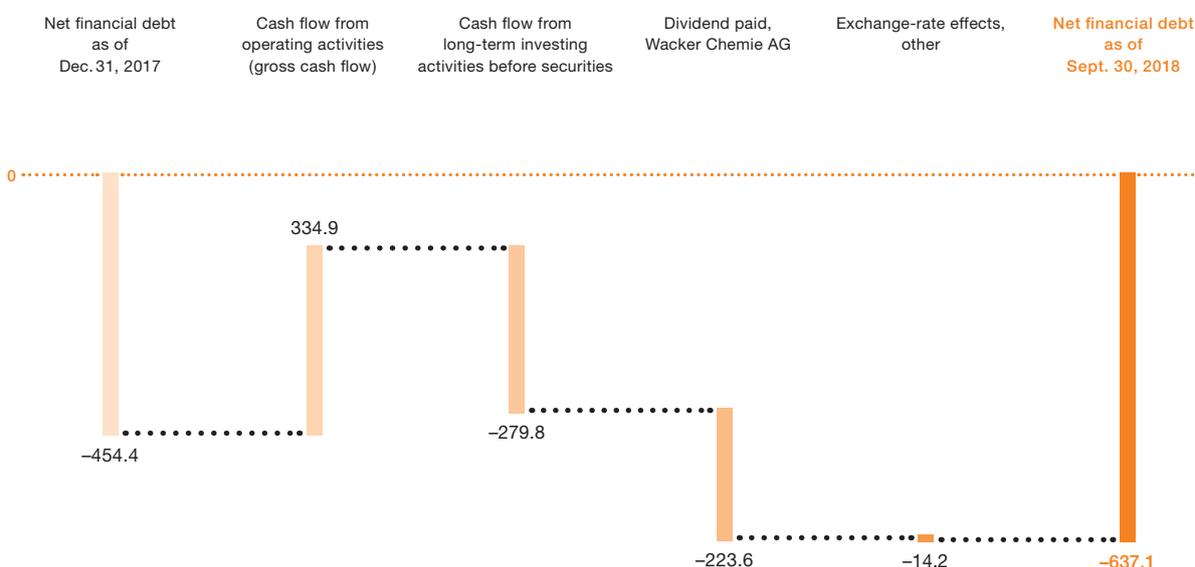
Due to the effects described above, net cash flow in the first nine months of 2018 amounted to €79.8 million, versus €352.4 million in the same period last year.

Cash Flow from Financing Activities

Cash flow from financing activities was €-216.3 million in the first nine months of 2018, after €-89.9 million last year. It comprised the disbursement of €300 million in connection with a new promissory note (German Schuldschein) and early repayment of a loan of US\$ 250 million. The cash outflow of €223.6 million for the dividend payment of Wacker Chemie AG reduced cash flow from financing activities. In the comparable period last year, cash flow from financing activities also included a cash inflow of €87.6 million from the sale of 6 percent of the company's shares in Siltronic AG.

Net Financial Debt

€ million



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Financial Liabilities Unchanged

Current and noncurrent financial liabilities were roughly unchanged at the quarterly reporting date, amounting to €1.02 billion (Dec. 31, 2017: €1.00 billion). Changes in exchange rates had only a marginal impact on financial liabilities. In Q1 2018, WACKER repaid a US\$ 250 million loan prematurely. At the same time, the company issued a promissory note (German Schuldschein) for €300 million at favorable conditions.

Net Financial Debt Higher

Net financial debt – the balance of noncurrent and current financial liabilities and liquid assets – rose markedly, from €454.4 million to €637.1 million. The reasons for this increase were the decline in net cash flow and the dividend payment by Wacker Chemie AG.

Opportunities and Risks

Increased Risks from Trade Barriers

The key risk areas that might adversely affect our business situation, net assets, financial position and earnings in 2018 were explained in detail in our 2017 Annual Report, as were the main opportunities for our business and the nature of our risk management system.

See pages 82 to 97

Since the spring, trade tensions between the USA, on the one hand, and China and the European Union, on the other, have intensified markedly. In our opinion, erecting further trade barriers – the route to a global trade war – could slow the economy noticeably. At the moment, we consider such a slowdown possible. Should the world economy prove weaker than currently forecast, this would likely have a medium impact on WACKER's earnings.

In photovoltaics, the market situation has deteriorated noticeably in the short term. At the start of June, the Chinese government reduced some solar feed-in tariffs and revised grid policies for solar installations. That decision has temporarily slowed demand for solar modules and, in turn, is dampening solar-silicon volumes and prices. Due to the present market environment, we expect sales and earnings in our polysilicon business to be lower than originally anticipated at the start of the year. Given solar power's economic attractiveness and the challenging targets set for cutting carbon dioxide emissions, we expect that demand for solar modules will pick up strongly in the medium term, which will have a positive influence on our earnings.

In other respects, the statements and assessments made in our 2017 Annual Report did not change in the reporting period. We can never rule out the existence of other business-related risks and opportunities that we are currently unaware of or currently consider to be insignificant. But we do not expect risks to occur which, either in isolation or in combination with other risks, might endanger the continued existence of WACKER as a going concern.

Outlook Update

Group's Full-Year Forecast Unchanged

We described in detail our projections for the Group's performance this year in the Outlook section of our 2017 Annual Report.

See pages 98 to 104

On balance, our statements on the Group's full-year outlook made in the Interim Report on the 2nd Quarter 2018 have not changed. At that time, we revised our expectations as follows:

Net financial debt is likely to amount to around €500 million by year-end 2018. In our 2017 Annual Report, we had assumed that it would be on par with the previous year (€454.4 million). According to current estimates, our full-year capital expenditures will come in at around €450 million (2017 Annual Report: around €470 million).

Otherwise, the statements made in the Outlook section of our 2017 Annual Report regarding our expectations for the Group did not change on balance during the reporting period.

Statement of Income

January 1 to September 30, 2018

€ million	Q3 2018	Q3 2017*	Change in %	9M 2018	9M 2017*	Change in %
Sales	1,242.7	1,311.6	-5.3	3,790.2	3,748.7	1.1
Cost of goods sold	-1,015.3	-1,032.7	-1.7	-3,068.4	-3,018.0	1.7
Gross profit from sales	227.4	278.9	-18.5	721.8	730.7	-1.2
Selling expenses	-74.8	-70.3	6.4	-224.1	-213.8	4.8
Research and development expenses	-40.4	-35.7	13.2	-122.3	-117.0	4.5
General administrative expenses	-39.6	-34.4	15.1	-116.7	-109.6	6.5
Other operating income	19.9	18.9	5.3	70.6	64.1	10.1
Other operating expenses	-14.7	-18.4	-20.1	-50.4	-47.2	6.8
Operating result	77.8	139.0	-44.0	278.9	307.2	-9.2
Result from investments in joint ventures and associates	28.7	16.3	76.1	74.3	21.3	>100
Other investment income	-	-	-	-	1.9	-100.0
EBIT (earnings before interest and taxes)	106.5	155.3	-31.4	353.2	330.4	6.9
Interest income	2.3	1.5	53.3	6.4	4.8	33.3
Interest expenses	-5.2	-9.7	-46.4	-18.5	-29.8	-37.9
Other financial result	-13.8	-13.1	5.3	-39.8	-47.1	-15.5
Financial result	-16.7	-21.3	-21.6	-51.9	-72.1	-28.0
Income from continuing operations before income taxes	89.8	134.0	-33.0	301.3	258.3	16.6
Income taxes	-20.9	-29.8	-29.9	-69.8	-62.4	11.9
Income from continuing operations after income taxes	68.9	104.2	-33.9	231.5	195.9	18.2
Income from discontinued operations after income taxes	-	-	-	-	634.7	-100.0
Net income for the period	68.9	104.2	-33.9	231.5	830.6	-72.1
Of which						
Attributable to Wacker Chemie AG shareholders	65.1	101.3	-35.7	219.4	814.8	-73.1
Attributable to non-controlling interests	3.8	2.9	31.0	12.1	15.8	-23.4
Earnings per share						
Income from continuing operations	1.31	2.04	-35.8	4.42	3.80	16.3
Income from discontinued operations	-	-	-	-	12.60	-100.0
Earnings per share in € (basic/diluted)	1.31	2.04	-35.8	4.42	16.40	-73.0
Average number of shares outstanding (weighted)	49,677,983	49,677,983	-	49,677,983	49,677,983	-

*The items "other financial result" and "income taxes" have been adjusted on the basis of the ASCG (Accounting Standards Committee of Germany) Interpretation 4 (IFRS) Accounting for Interest and Penalties Related to Income Taxes under IFRSs

Statement of Financial Position

As of September 30, 2018

€ million	Sept. 30, 2018	Sept. 30, 2017*	Change in %	Dec. 31, 2017*	Change in %
Assets					
Intangible assets	43.7	36.2	20.7	41.5	5.3
Property, plant and equipment	3,456.1	3,546.8	-2.6	3,500.4	-1.3
Investment property	1.5	1.3	15.4	1.3	15.4
Investments in joint ventures and associates accounted for using the equity method	610.7	551.3	10.8	564.6	8.2
Securities	55.6	34.1	63.0	42.1	32.1
Other financial assets	108.7	104.9	3.6	106.8	1.8
Other receivables and assets	4.7	4.5	4.4	3.8	23.7
Deferred tax assets	501.0	408.4	22.7	452.6	10.7
Noncurrent assets	4,782.0	4,687.5	2.0	4,713.1	1.5
Inventories	992.4	756.6	31.2	783.6	26.6
Trade receivables	748.3	723.8	3.4	655.7	14.1
Other financial assets	20.0	19.2	4.2	78.3	-74.5
Other receivables and assets	97.7	81.0	20.6	86.0	13.6
Income tax receivables	31.7	16.7	89.8	13.9	>100
Securities and fixed-term deposits	162.2	369.6	-56.1	218.2	-25.7
Cash and cash equivalents	163.7	397.6	-58.8	286.9	-42.9
Current assets	2,216.0	2,364.5	-6.3	2,122.6	4.4
Total assets	6,998.0	7,052.0	-0.8	6,835.7	2.4
Equity and Liabilities					
Subscribed capital of Wacker Chemie AG	260.8	260.8	-	260.8	-
Capital reserves of Wacker Chemie AG	157.4	157.4	-	157.4	-
Treasury shares	-45.1	-45.1	-	-45.1	-
Retained earnings	3,301.3	3,252.0	1.5	3,303.9	-0.1
Other equity items	-586.0	-468.2	25.2	-557.8	5.1
Equity attributable to Wacker Chemie AG shareholders	3,088.4	3,156.9	-2.2	3,119.2	-1.0
Non-controlling interests	53.9	47.3	14.0	50.1	7.6
Equity	3,142.3	3,204.2	-1.9	3,169.3	-0.9
Provisions for pensions	1,710.3	1,521.8	12.4	1,618.3	5.7
Other provisions	218.2	215.5	1.3	233.1	-6.4
Income tax provisions	70.0	42.5	64.7	48.0	45.8
Financial liabilities	888.0	808.4	9.8	800.4	10.9
Other financial liabilities	0.5	1.2	-58.3	0.5	-
Contract liabilities	89.3	125.6	-28.9	112.5	-20.6
Other liabilities	-	-	-	0.1	-100.0
Deferred tax liabilities	9.6	4.0	>100	4.2	>100
Noncurrent liabilities	2,985.9	2,719.0	9.8	2,817.1	6.0
Other provisions	39.5	62.4	-36.7	55.8	-29.2
Income tax provisions	46.9	61.8	-24.1	71.1	-34.0
Financial liabilities	130.6	456.5	-71.4	201.2	-35.1
Trade payables	354.2	283.1	25.1	268.5	31.9
Other financial liabilities	20.8	11.0	89.1	15.0	38.7
Income tax liabilities	0.9	0.2	>100	0.8	12.5
Contract liabilities	74.0	77.5	-4.5	78.3	-5.5
Other liabilities	202.9	176.3	15.1	158.6	27.9
Current liabilities	869.8	1,128.8	-22.9	849.3	2.4
Liabilities	3,855.7	3,847.8	0.2	3,666.4	5.2
Total equity and liabilities	6,998.0	7,052.0	-0.8	6,835.7	2.4

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*The items "other provisions" (noncurrent and current) and "income tax provisions" (noncurrent and current) have been adjusted on the basis of the ASCG (Accounting Standards Committee of Germany) Interpretation 4 (IFRS) Accounting for Interest and Penalties Related to Income Taxes under IFRSs

Statement of Cash Flows

January 1 to September 30, 2018

€ million	Q3 2018	Q3 2017	Change in %	9M 2018	9M 2017	Change in %
Net income for the period	68.9	104.2	-33.9	231.5	830.6	-72.1
Income from discontinued operations	-	-	-	-	-634.7	-100.0
Depreciation/amortization of fixed assets	135.2	142.7	-5.3	403.5	450.3	-10.4
Result from disposal of fixed assets	0.4	4.2	-90.5	1.1	2.5	-56.0
Other non-cash expenses and income	45.7	-6.5	n.a.	24.6	62.4	-60.6
Result from equity accounting	-28.7	-16.3	76.1	-74.3	-21.3	>100
Net interest income	2.9	8.2	-64.6	12.1	25.0	-51.6
Interest paid	-1.4	-4.4	-68.2	-14.7	-24.5	-40.0
Interest received	1.5	0.3	>100	4.6	2.6	76.9
Income tax expense	20.9	29.8	-29.9	69.8	62.4	11.9
Taxes paid	-35.7	-16.3	>100	-117.8	-72.6	62.3
Dividends received	-	-	-	23.1	2.8	>100
Change in inventories	-129.6	47.5	n.a.	-254.6	-91.6	>100
Change in trade receivables	17.3	-20.9	n.a.	-93.9	-61.8	51.9
Change in non-financial assets	2.9	-4.6	n.a.	-13.0	-29.4	-55.8
Change in financial assets	8.3	0.8	>100	57.1	-1.2	n.a.
Change in provisions	-11.0	11.2	n.a.	6.4	48.8	-86.9
Change in non-financial liabilities	17.7	34.2	-48.2	39.0	55.7	-30.0
Change in financial liabilities	-7.2	-44.1	-83.7	59.6	-44.1	n.a.
Change in contract liabilities	-5.5	-10.6	-48.1	-29.2	-57.6	-49.3
Cash flow from operating activities (gross cash flow) – continuing operations	102.6	259.4	-60.4	334.9	504.3	-33.6
Cash flow from operating activities (gross cash flow) – discontinued operations	-	-	-	-	44.1	-100.0
Cash flow from operating activities (gross cash flow)	102.6	259.4	-60.4	334.9	548.4	-38.9
Cash receipts and payments for investments	-102.7	-68.7	49.5	-265.0	-210.6	25.8
Proceeds from the disposal of fixed assets	4.2	0.4	>100	6.2	3.0	>100
Cash payments for acquisitions	-	-	-	-21.0	-	n.a.
Cash flow from long-term investing activities before securities	-98.5	-68.3	44.2	-279.8	-207.6	34.8
Cash receipts and payments for the acquisition / disposal of securities and fixed-term deposits	-20.0	48.1	n.a.	44.7	-301.9	n.a.
Cash flow from investing activities – continuing operations	-118.5	-20.2	>100	-235.1	-509.5	-53.9
Cash receipts from deconsolidation of Siltronic segment, less divested cash	-	-	-	-	191.8	-100.0
Cash flow from investing activities – discontinued operations	-	-	-	-	-26.0	-100.0
Cash flow from investing activities	-118.5	-20.2	>100	-235.1	-343.7	-31.6
Dividends paid	-	-	-	-228.3	-104.0	>100
Cash receipts from the change in ownership interests in Siltronic AG	-	-	-	-	87.6	-100.0
Change in financial liabilities	-9.9	-79.1	-87.5	12.0	-73.5	n.a.
Cash flow from financing activities – continuing operations	-9.9	-79.1	-87.5	-216.3	-89.9	>100
Cash flow from financing activities	-9.9	-79.1	-87.5	-216.3	-89.9	>100
Change due to exchange-rate fluctuations	-0.6	-0.9	-33.3	-6.7	-0.7	>100
Total change in cash and cash equivalents	-26.4	159.2	n.a.	-123.2	114.1	n.a.
At the beginning of the period	190.1	238.4	-20.3	286.9	283.5	1.2
At the end of the period	163.7	397.6	-58.8	163.7	397.6	-58.8

2019 — Financial Calendar



Annual Report 2018



Interim Report on the 1st Quarter
of 2019



Capital Market Day 2019



Annual Shareholders' Meeting



Interim Report on the 2nd Quarter
of 2019



Interim Report on the 3rd Quarter
of 2019

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This report contains forward-looking statements based on assumptions and estimates of WACKER's Executive Board. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include 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 its forward-looking statements, nor does it assume the obligation to do so.

Due to rounding, numbers presented throughout this and other reports may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

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