WACKER

Interim Report

January through June 2019

Published on August 1, 2019

Q2

Interim Report — January through June 2019

Group sales come in at €1.27 billion in Q2 2019, down 5 percent year over year, but up 3 percent quarter over quarter

Slowed by markedly weaker polysilicon prices, decreased standard-silicone prices and higher energy costs, EBITDA totals €211 million, 19 percent below a year ago, but 48 percent above the prior quarter

Net income for Q2 2019 amounts to €37 million

At €22 million, net cash flow is positive for the reporting quarter

Full-year forecast unchanged: Group sales for 2019 expected to grow by a mid-single-digit percentage, with EBITDA likely to decline by 10 to 20 percent versus last year

Cover — In mid-June, WACKER opened a new production line for silicone elastomers at its Zhangjiagang site in China. This new capacity will help satisfy fast-growing demand in Asia for high-quality specialties.

WACKER —
At a Glance

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
Results/Return/Cash Flow						
Sales	1,268.5	1,329.9	−4.6	2,504.2	2,547.5	−1.7
EBITDA	210.7	260.5	−19.1	352.7	515.0	−31.5
EBITDA margin (%)	16.6	19.6	–	14.1	20.2	–
EBIT	70.7	125.0	−43.4	70.8	246.7	−71.3
EBIT margin (%)	5.6	9.4	–	2.8	9.7	–
Financial result	−18.0	−17.6	2.3	−27.6	−35.2	−21.6
Income before income taxes	52.7	107.4	−50.9	43.2	211.5	−79.6
Net income for the period	37.2	83.5	−55.4	31.7	162.6	−80.5
Earnings per share (basic/diluted) (€)	0.68	1.59	−57.2	0.52	3.11	−83.3
Capital expenditures	104.7	97.7	7.2	202.4	166.9	21.3
Depreciation/amortization	140.0	135.5	3.3	281.9	268.3	5.1
Net cash flow	21.8	−97.7	n.a.	−113.2	51.0	n.a.

	June 30, 2019	June 30, 2018	Dec. 31, 2018
Financial Position			
Total assets	7,295.1	6,947.7	7,118.7
Equity	2,666.9	3,066.0	3,145.5
Equity ratio (%)	36.6	44.1	44.2
Financial liabilities	1,300.0	1,028.3	997.2
Net financial debt	989.3	639.5	609.7
Employees (number at end of period)	14,826	14,270	14,542

Dear Shareholders,

After the first six months of the year, our chemical business is in solid shape overall. Despite the deteriorating outlook for the world economy, demand for our chemical products remains good. Aggregate sales at our chemical divisions grew slightly versus both Q2 2018 and the first half of 2018. Earnings, though, were dampened by lower prices for some product groups, by measures to optimize working capital and by higher energy prices. As a result, our chemical EBITDA contracted versus both the second quarter and first half of 2018.

In Q2 2019, WACKER SILICONES almost matched its strong year-ago sales, despite price pressure on standard silicones. Business progressed unevenly across individual sales markets. Silicones for electronics, household and health applications developed well. In the automotive, plastic and textile sectors, the trend was weaker. Essentially, our aim is to bolster the share of high-margin specialties in our product portfolio – with, for example, ultrathin silicone laminates for electro-active applications. This October, we will be presenting these and many other innovations at the world's largest plastics tradeshow, K 2019, in Düsseldorf.

WACKER POLYMERS performed very robustly in the reporting quarter, achieving further sales gains and considerably stronger EBITDA growth. Demand remains strong for our dispersible polymer powders and dispersions. As the global market leader, we can fully leverage our strengths here and provide customers with the growing quantities they require.

WACKER BIOSOLUTIONS is also in good shape. Its sales benefited from higher volumes and from better prices in certain product segments. Additionally, earnings were positively influenced by ongoing capacity-utilization growth at our biologics production facilities.

Market conditions remain difficult for solar-grade polysilicon. In particular, the extremely low price level is a major challenge for both WACKER POLYSILICON and its competitors. Despite the tough market situation, the division generated positive reporting-quarter EBITDA. Special income was not the only factor here. Earnings also reflected operational improvements and cost reductions, achieved through WACKER POLYSILICON's ongoing measures to optimize its production processes.

Overall, we remain confident at mid-year about meeting our targets for 2019. But with economic growth slowing and China's solar market yet to revive, EBITDA is likely to be closer to the bottom end of our projected range. We are working hard to optimize the factors that we can influence in our business – above all, our costs and production-process efficiency. We will continue to pursue these goals with determination.

Munich, August 1, 2019
Wacker Chemie AG's Executive Board

WACKER Stock

From April through June 2019, the world's stock markets remained volatile amid many geopolitical and economic-policy crises, but performed positively on balance. The financial market recovery initially continued at the start of the quarter, but escalating trade tensions between the USA and China sent global stock markets tumbling in May. Then, in June, hopes of rapprochement prompted a renewed market recovery. Factors supporting the stock markets included signals of more accommodative monetary policy sent by both the Federal Reserve and European Central Bank.

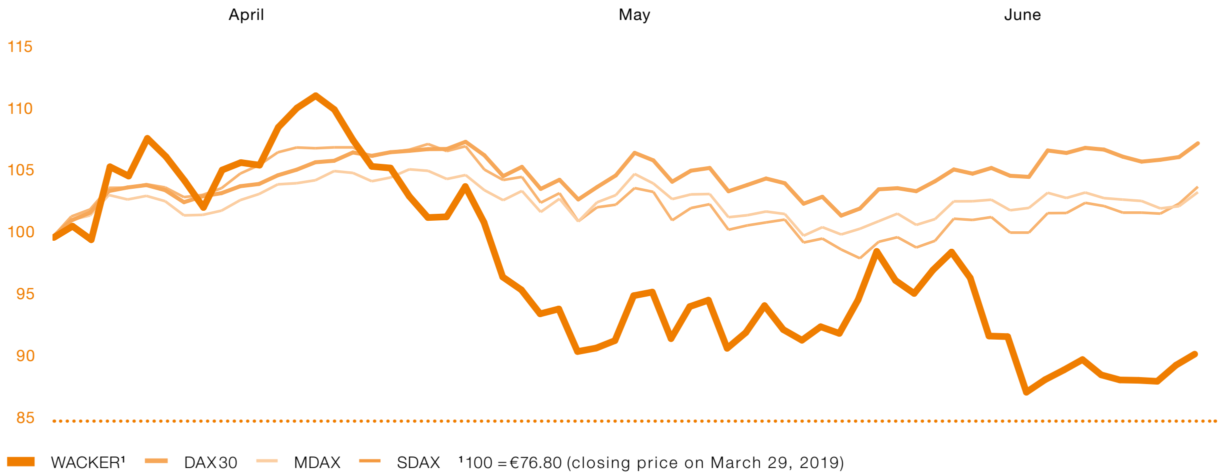
German stock markets had a strong start to the quarter. In late May, though, the escalation of the us-Chinese trade dispute caused German stocks to decline rapidly. In June, they regained most of their losses. The DAX closed the quarter at nearly 12,400 points – almost exactly on par with its high of early May. Overall, the DAX closed 8 percent higher than at the end of March. Both the MDAX and SDAX gained 4 percent.

WACKER stock started Q2 at €76.80 (closing price on March 29, 2019) and, after several pullbacks, reached its reporting-quarter high of €85.58 on April 18. From May onward, the stock came under pressure. Investor sentiment was dampened not only by persistently difficult solar-sector conditions, but also by profit warnings from chemical competitors and semiconductor customers. In addition, the outlook for the world economy became increasingly subdued toward the end of the quarter. WACKER stock reached its quarterly low of €67.22 on June 17 and closed the three months at €69.58 on June 28. That was 9 percent lower than at the start of the quarter and corresponded to a market capitalization of €3.46 billion.

As part of its quarterly review of the composition of the DAX, MDAX, SDAX and TECDAX, Deutsche Börse announced on June 5, 2019 that WACKER stock would move from the MDAX to the SDAX effective June 24, 2019.

Please refer to the 2018 Annual Report (pages 38 to 40) and the internet (www.wacker.com/investor-relations) for more details about WACKER stock.

WACKER Share Performance in Q2 2019 (indexed to 100)[1]



[1] 100 = €76.80 (closing price on March 29, 2019)

Interim Group Management Report

Overall Economic Situation, Economic Outlook and State of the Industry

Slowdown in Global Economic Growth

After the upswing of recent years, a global slowdown set in at the start of the year, with trade and investment deteriorating, especially in Europe and China. This trend continued in Q2 2019. The International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD) predict that growth will remain weak this year. According to the OECD, the biggest risks include the possibility of further barriers to trade, especially between the United States and China. In addition, the IMF points to the potential negative consequences of a no-deal Brexit.

In its July 2019 forecast, the IMF expected global GDP to grow by 3.2 percent this year, with growth slower across almost all economies versus a year earlier. For full-year 2019, the IMF expects GDP to rise by 1.9 percent in advanced economies and by 4.1 percent in developing and emerging economies.[1] In the OECD's most recent study of May 2019, world GDP is forecast to expand by 3.2 percent this year.[2]

Guided by the latest economic forecasts, WACKER expects global growth in 2019 to be below last year's level.

GDP Trend[1]

%	Growth in 2018	Growth outlook for 2019
World	3.6	**3.2**
Advanced economies	2.2	**1.9**
Developing and emerging economies	4.5	**4.1**
Eurozone	1.9	**1.3**
Germany	1.4	**0.7**
Asia	6.4	**6.2**
China	6.6	**6.2**
India	6.8	**7.0**
USA	2.9	**2.6**

Decline in Chemical Production

In recent months, both international trade and industrial activity have weakened, slowing demand for chemical products. The German Chemical Industry Association (VCI) now expects global chemical output for full-year 2019 to rise by just 3.1 percent, after 3.9 percent last year. For Europe, the VCI anticipates growth of 2.0 percent.[3] Its outlook for Germany is not very optimistic: after a difficult first half, it forecasts only a moderate recovery during the remainder of the year. Full-year chemical-sector output is projected to contract by 4 percent. At the same time, producer prices for chemicals should rise by 1 percent, which means sector sales are likely to fall by 3 percent to €197 billion.[4]

Selected Key Indicators by Industry

%	Growth in 2018	Growth outlook for 2019
Chemical Industry		
Production, worldwide[3]	3.9	**3.1**
Production, Europe[3]	1.9	**2.0**
Production, Germany[4]	3.6	**–4.0**
Photovoltaic Industry		
Newly installed photovoltaic capacity, worldwide[5]	4.0	**25.0**

For photovoltaics, experts anticipate stronger growth this year after the weak gains in 2018. The adjustment of China's solar incentives in May 2018 weakened local demand temporarily. Now, new impetus for solar projects is coming from the revision of grid policies implemented in July 2019. In their "medium" scenario for 2019, market experts at SolarPower Europe, the solar association, expect newly installed global PV capacity to reach 128 gigawatts. Compared with last year, that would be an increase of 25 percent.[5] WACKER's own market surveys indicate that new photovoltaic capacity worldwide will amount to between 110 and 130 gigawatts this year.

[1] International Monetary Fund, World Economic Outlook: Still Sluggish Global Growth, Washington, July 23, 2019
[2] Organisation for Economic Co-operation and Development (OECD), OECD Economic Outlook, Volume 2019 Issue 1, Paris, May 21, 2019
[3] VCI (German Chemical Industry Association), The business situation of the global chemical industry in the 1st quarter 2019: Start in 2019 without trend reversal, Frankfurt am Main, June 4, 2019
[4] VCI (German Chemical Industry Association), Business situation of the German chemical-pharmaceutical industry: Difficult 1st half 2019 for the industry, Frankfurt am Main, July 3, 2019
[5] SolarPower Europe, Global Market Outlook For Solar Power 2019–2023, Brussels, May 10, 2019

Group Performance and Earnings

January 1 to June 30, 2019

Sales

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
WACKER SILICONES	650.0	653.8	−0.6	1,254.9	1,259.6	−0.4
WACKER POLYMERS	353.3	343.1	3.0	676.9	645.0	4.9
WACKER BIOSOLUTIONS	60.8	57.2	6.3	119.1	111.5	6.8
WACKER POLYSILICON	169.9	242.1	−29.8	381.0	461.4	−17.4
Corporate functions/Other	40.3	39.3	2.5	83.4	81.9	1.8
Consolidation	−5.8	−5.6	3.6	−11.1	−11.9	−6.7
Group sales	1,268.5	1,329.9	−4.6	2,504.2	2,547.5	−1.7

EBITDA

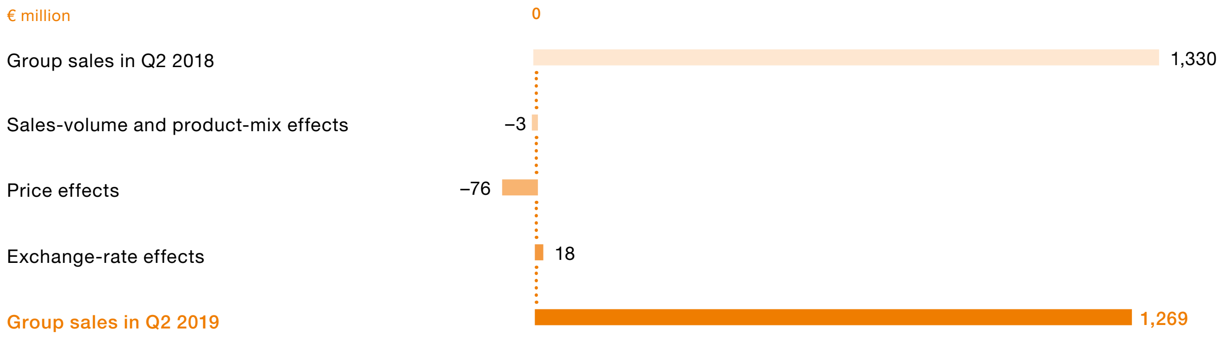
€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
WACKER SILICONES	119.8	176.6	−32.2	247.9	325.1	−23.7
WACKER POLYMERS	52.7	32.6	61.7	97.2	74.5	30.5
WACKER BIOSOLUTIONS	7.3	5.4	35.2	13.2	15.5	−14.8
WACKER POLYSILICON	5.7	39.1	−85.4	−30.1	87.3	n.a.
Corporate functions/Other	25.3	7.3	>100	25.6	14.0	82.9
Consolidation	−0.1	−0.5	−80.0	−1.1	−1.4	−21.4
Group EBITDA	210.7	260.5	−19.1	352.7	515.0	−31.5

EBIT

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
WACKER SILICONES	96.9	156.3	−38.0	202.8	285.0	−28.8
WACKER POLYMERS	42.6	23.1	84.4	76.7	55.6	37.9
WACKER BIOSOLUTIONS	3.0	1.6	87.5	4.7	8.9	−47.2
WACKER POLYSILICON	−74.9	−43.3	73.0	−193.2	−76.2	>100
Corporate functions/Other	3.2	−12.2	n.a.	−19.1	−25.2	−24.2
Consolidation	−0.1	−0.5	−80.0	−1.1	−1.4	−21.4
Group EBIT	70.7	125.0	−43.4	70.8	246.7	−71.3

In Q2 2019, WACKER grew its sales versus a quarter ago, but did not reach the year-ago level. Reporting-quarter sales came in at €1,268.5 million, after €1,329.9 million last year, a decrease of 5 percent. The decline was mainly due to generally lower prices, particularly for solar-grade polysilicon, but also for standard silicones. Aggregate volume and product-mix effects also reduced sales slightly. On the other hand, sales benefited from exchange-rate changes due to the US dollar's rise versus last year. Relative to a quarter ago (€1,235.7 million), sales grew by 3 percent, driven primarily by higher volumes. In the first half of 2019, Group sales of €2,504.2 million were 2 percent lower than in the same period last year (€2,547.5 million).

Year-over-Year Sales Comparison



Sales Growth in the Americas

In Q2 2019, WACKER's sales declined year over year in almost every region, chiefly due to lower prices. The Americas were an exception. Sales there grew 9 percent year over year amid positive exchange-rate effects. In Europe and Asia, sales declined by 3 and 12 percent, respectively, relative to Q2 2018. Compared with Q1 2019, WACKER's sales climbed in all regions, supported in part by seasonal factors. The increase was especially robust in the Americas, at 7 percent.

In the first-half of 2019, sales growth continued in the Americas, coming in at 10 percent. First-half sales in Europe and Asia, on the other hand, decreased by 2 and 7 percent, respectively.

Group Sales by Region

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %	% of Group sales
Europe	**527.1**	543.2	–3.0	1,047.8	1,063.5	–1.5	42
The Americas	**242.7**	223.7	8.5	469.4	425.4	10.3	19
Asia	**434.5**	495.7	–12.3	867.0	928.4	–6.6	34
Other regions	**64.2**	67.3	–4.6	120.0	130.2	–7.8	5
Total sales	1,268.5	1,329.9	–4.6	2,504.2	2,547.5	–1.7	100

EBITDA Reaches €211 Million, with EBITDA Margin at 16.6 Percent

WACKER generated EBITDA of €210.7 million in Q2 2019. That was 19 percent less than a year ago (€260.5 million). The main factors in the decline were significantly reduced average prices for solar-grade polysilicon and lower prices for standard silicones. Higher energy costs also diminished EBITDA. Compared with a quarter ago (€142.0 million), however, WACKER's EBITDA climbed by 48 percent. Aside from sales growth, EBITDA was lifted by special income. In the reporting quarter, WACKER retained advance payments of €19.0 million it had received in connection with its contractual and delivery relationship with a solar customer. The Group's EBITDA margin for Q2 2019 was 16.6 percent, after 19.6 percent a year earlier and 11.5 percent a quarter ago.

In the reporting quarter, the cost-of-sales ratio was 85 percent. It stood 4 percentage points above Q2 2018, due to the factors mentioned above.

In the first half of 2019, Group EBITDA totaled €352.7 million, down 32 percent versus a year ago (€515.0 million). The EBITDA margin for the first half of 2019 was 14.1 percent, after 20.2 percent a year earlier.

EBIT Well Below Prior Year but Substantially Higher than a Quarter Ago

Reconciliation of EBITDA to EBIT

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
EBITDA	210.7	260.5	–19.1	352.7	515.0	–31.5
Depreciation/appreciation of fixed assets	–140.0	–135.5	3.3	–281.9	–268.3	5.1
EBIT	70.7	125.0	–43.4	70.8	246.7	–71.3

Group earnings before interest and taxes (EBIT) totaled €70.7 million in Q2 2019, compared with €125.0 million a year ago. That was a decline of 43 percent and yielded an EBIT margin of 5.6 percent, after 9.4 percent a year ago. Relative to Q1 2019 (€0.1 million), however, EBIT grew strongly.

Reconciliation of EBIT to Net Income for the Period

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
EBIT	70.7	125.0	–43.4	70.8	246.7	–71.3
Financial result	–18.0	–17.6	2.3	–27.6	–35.2	–21.6
Income before income taxes	52.7	107.4	–50.9	43.2	211.5	–79.6
Income taxes	–15.5	–23.9	–35.1	–11.5	–48.9	–76.5
Net income for the period	37.2	83.5	–55.4	31.7	162.6	–80.5
Of which						
Attributable to Wacker Chemie AG shareholders	33.6	79.0	–57.5	25.6	154.3	–83.4
Attributable to non-controlling interests	3.6	4.5	–20.0	6.1	8.3	–26.5
Earnings per share in € (basic/diluted)	0.68	1.59	–57.2	0.52	3.11	–83.3
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–	49,677,983	49,677,983	–

Aside from the factors already mentioned, higher depreciation year over year also reduced EBIT. Depreciation rose to €140.0 million in the reporting quarter, after €135.5 million a year ago. That was an increase of 3 percent. Alongside exchange-rate effects, the main reason for this rise was the application of IFRS 16, a new standard regulating the accounting of leases. It requires leases to be recognized as right-of-use assets. While that improves EBITDA, it also leads to higher depreciation.

In the first half of 2019, Group EBIT came in at €70.8 million, compared with €246.7 million a year earlier – a drop of 71 percent.

Result from Investments

The result from investments in joint ventures and associates amounted to €14.8 million in the reporting quarter, after €23.9 million a year ago. It mainly comprised income from Siltronic AG, which is accounted for using the equity method. From January through June 2019, the result from investments in joint ventures and associates stood at €36.6 million, after €45.6 million in the corresponding period last year.

Financial and Net Interest Result

WACKER's financial result for Q2 2019 was unchanged from the prior-year quarter. It amounted to €–18.0 million, after €–17.6 million a year ago. In the first half of 2019, the financial result was €–27.6 million, after €–35.2 million in the same period last year. WACKER posted interest income of €3.9 million, compared with last year's €4.1 million. At the same time, interest expenses were lower at €9.8 million, down from €13.3 million the year before. WACKER repaid financial liabilities, but also agreed new financing at favorable interest rates.

The other financial result amounted to €–14.6 million in the reporting quarter, after €–13.5 million a year ago. It included not only the interest-rate effects of provisions for pensions and other provisions, but also the costs of derivative financial instruments used to hedge Group loans. In the first six months of the year, the other financial result totaled €–21.7 million, compared with €–26.0 million in the same period last year.

Income Taxes

In the first half of 2019, the income tax expense stood at €11.5 million, versus €48.9 million the year before. The effective tax rate for the first six months of the year was 26.6 percent, after 23.1 percent last year.

Net Income for the Period

Due to the effects mentioned above, net income for Q2 2019 amounted to €37.2 million, compared with €83.5 million a year ago. Net income for January through June totaled €31.7 million, versus €162.6 million in the same period last year.

Earnings per Share

In Q2 2019, earnings per share came in at €0.68, after €1.59 a year ago. In the first half of the year, earnings per share totaled €0.52, compared with €3.11 in the corresponding period last year.

Division Performance

WACKER SILICONES

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
External sales	649.9	653.8	−0.6	1,254.8	1,259.5	−0.4
Internal sales	0.1	–	n.a.	0.1	0.1	–
Total sales	650.0	653.8	−0.6	1,254.9	1,259.6	−0.4
EBIT	96.9	156.3	−38.0	202.8	285.0	−28.8
EBIT margin (%)	14.9	23.9	–	16.2	22.6	–
Depreciation	22.9	20.3	12.8	45.1	40.1	12.5
EBITDA	119.8	176.6	−32.2	247.9	325.1	−23.7
EBITDA margin (%)	18.4	27.0	–	19.8	25.8	–
Capital expenditures	62.5	46.1	35.6	113.9	80.4	41.7
R&D expenses	16.2	14.9	8.7	34.1	30.1	13.3
As of	June 30, 2019	March 31, 2019		June 30, 2019	Dec. 31, 2018	
Employees (number)	5,320	5,258	1.2	5,320	5,114	4.0

In Q2 2019, WACKER SILICONES posted total sales of €650.0 million, almost matching the comparable year-earlier figure of €653.8 million. Slightly higher prices for specialties did not fully offset the price decline for standard silicones. Also, volume and product-mix effects dampened sales. Exchange-rate changes, on the other hand, supported sales. Sales developed unevenly in the individual markets. Products for the electronics, household and health sectors, for example, were particularly strong. Silicones for automotive, plastic and textile applications were weaker, partly due to inventory effects at customers. The division outperformed its sales of a quarter ago (€604.9 million) by 7 percent. For the first half of 2019, WACKER SILICONES' sales totaled €1,254.9 million, on par with the same period last year (€1,259.6 million).

WACKER SILICONES posted reporting-quarter EBITDA of €119.8 million, 32 percent below last year (€176.6 million) and 6 percent lower than a quarter ago (€128.1 million). EBITDA was impacted not only by volume and product-mix effects and lower prices for standard silicones, but also by measures to optimize working capital. As a result, the division's plant-utilization rate was also somewhat lower in the reporting quarter than in Q1 2019. The EBITDA margin for Q2 2019 was 18.4 percent, after 27.0 percent in Q2 2018 and 21.2 percent a quarter ago. From January through June 2019, EBITDA reached €247.9 million, versus the year-earlier figure of €325.1 million. That was a decrease of 24 percent. The corresponding EBITDA margin for the first half of 2019 was 19.8 percent, compared with 25.8 percent in the same period last year.

WACKER SILICONES' capital expenditures amounted to €62.5 million in Q2 2019, after €46.1 million a year ago. Investment projects included construction of a new pyrogenic silica plant at Charleston (USA), the expansion of silicon-metal production at Holla (Norway), and new facilities for downstream silicone products at Burghausen (Germany) and Zhangjiagang (China).

WACKER POLYMERS

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
External sales	**347.6**	337.5	3.0	**665.9**	633.2	5.2
Internal sales	**5.7**	5.6	1.8	**11.0**	11.8	–6.8
Total sales	353.3	343.1	3.0	676.9	645.0	4.9
EBIT	42.6	23.1	84.4	76.7	55.6	37.9
EBIT margin (%)	**12.1**	6.7	–	**11.3**	8.6	–
Depreciation	**10.1**	9.5	6.3	**20.5**	18.9	8.5
EBITDA	52.7	32.6	61.7	97.2	74.5	30.5
EBITDA margin (%)	**14.9**	9.5	–	**14.4**	11.6	–
Capital expenditures	**12.7**	16.8	–24.4	**32.4**	25.6	26.6
R&D expenses	**8.6**	7.5	14.7	**17.6**	14.9	18.1
As of	June 30, 2019	March 31, 2019		June 30, 2019	Dec. 31, 2018	
Employees (number)	**1,629**	1,607	1.4	**1,629**	1,600	1.8

Sales at WACKER POLYMERS totaled €353.3 million in the reporting quarter, 3 percent higher than a year ago (€343.1 million). This increase was due to somewhat higher volumes and positive exchange-rate effects. Average prices for dispersions and dispersible polymer powders were largely unchanged year over year. Compared with the preceding quarter (€323.6 million), sales rose 9 percent, primarily thanks to higher volumes. WACKER POLYMERS' sales for the first half of 2019 amounted to €676.9 million, 5 percent higher than the year before (€645.0 million).

Dispersible polymer powders for the construction industry and dispersions for adhesives and carpet applications performed well in the reporting quarter. WACKER POLYMERS' plant-utilization rate averaged almost 90 percent from April through June.

The division's EBITDA amounted to €52.7 million in Q2 2019, after €32.6 million a year ago – an increase of 62 percent. EBITDA was lifted by higher sales, by a good cost structure and by efficiency-enhancing measures. In addition, prior-year earnings were dampened by the effects of a scheduled plant shutdown for maintenance. Relative to the preceding quarter (€44.5 million), EBITDA climbed 18 percent. The EBITDA margin was 14.9 percent in the reporting quarter, after 9.5 percent a year earlier and 13.8 percent a quarter ago.

In the first half of 2019, WACKER POLYMERS' EBITDA totaled €97.2 million, compared with €74.5 million in the same period last year. That was an increase of 31 percent and yielded an EBITDA margin of 14.4 percent, versus 11.6 percent last year.

WACKER POLYMERS invested €12.7 million in the reporting quarter, compared with €16.8 million a year ago. Investment projects included the expansion of production capacity at Nanjing (China) and Ulsan (South Korea).

WACKER BIOSOLUTIONS

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
External sales	60.8	57.2	6.3	119.1	111.5	6.8
Internal sales	–	–	–	–	–	–
Total sales	60.8	57.2	6.3	119.1	111.5	6.8
EBIT	3.0	1.6	87.5	4.7	8.9	−47.2
EBIT margin (%)	4.9	2.8	–	3.9	8.0	–
Depreciation	4.3	3.8	13.2	8.5	6.6	28.8
EBITDA	7.3	5.4	35.2	13.2	15.5	−14.8
EBITDA margin (%)	12.0	9.4	–	11.1	13.9	–
Capital expenditures	1.5	5.4	−72.2	3.8	8.4	−54.8
R&D expenses	1.7	1.7	–	3.5	3.1	12.9
As of	June 30, 2019	March 31, 2019		June 30, 2019	Dec. 31, 2018	
Employees (number)	736	716	2.8	736	709	3.8

WACKER BIOSOLUTIONS generated total sales of €60.8 million in Q2 2019, up 6 percent versus a year ago (€57.2 million). Business in cyclodextrins and acetylacetone was especially good in the reporting quarter, with volume growth or improved prices lifting sales. Changes in exchange rates also had a positive effect on sales. Compared with the preceding quarter (€58.3 million), the division's sales were up 4 percent, mainly due to volume growth. In the first six months of the year, sales at WACKER BIOSOLUTIONS totaled €119.1 million, versus €111.5 million in the same period last year. That was an increase of 7 percent.

Reporting-quarter EBITDA at WACKER BIOSOLUTIONS was €7.3 million, 35 percent above the year-earlier figure (€5.4 million) and 24 percent higher than in the preceding quarter (€5.9 million). Positive effects came not only from volume growth and better prices for a number of products, but also from rising biologics plant utilization. The EBITDA margin rose to 12.0 percent, after 9.4 percent a year ago and 10.1 percent in Q1 2019.

In the first half of 2019, EBITDA at WACKER BIOSOLUTIONS was €13.2 million, compared with €15.5 million in the corresponding period last year. That was a decrease of 15 percent. The first-half EBITDA margin was 11.1 percent, after 13.9 percent a year earlier.

WACKER BIOSOLUTIONS invested €1.5 million in the reporting quarter, after €5.4 million a year ago.

WACKER POLYSILICON

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
External sales	169.9	242.1	−29.8	381.0	461.4	−17.4
Internal sales	–	–	–	–	–	–
Total sales	169.9	242.1	−29.8	381.0	461.4	−17.4
EBIT	−74.9	−43.3	73.0	−193.2	−76.2	>100
EBIT margin (%)	−44.1	−17.9	–	−50.7	−16.5	–
Depreciation	80.6	82.4	−2.2	163.1	163.5	−0.2
EBITDA	5.7	39.1	−85.4	−30.1	87.3	n.a.
EBITDA margin (%)	3.4	16.2	–	−7.9	18.9	–
Capital expenditures	9.8	12.1	−19.0	19.1	26.2	−27.1
R&D expenses	8.1	7.6	6.6	16.9	16.0	5.6
As of	June 30, 2019	March 31, 2019		June 30, 2019	Dec. 31, 2018	
Employees (number)	2,485	2,539	−2.1	2,485	2,549	−2.5

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WACKER POLYSILICON generated total sales of €169.9 million in the reporting quarter. That was 30 percent less than a year ago (€242.1 million). The decline stemmed mainly from markedly lower average prices for solar-grade polysilicon. Somewhat lower year-over-year volumes also burdened sales. Compared with a quarter ago (€211.1 million), sales were down 20 percent, chiefly due to decreased volumes. During the reporting quarter, WACKER POLYSILICON kept its plants at all three production sites running at maximum possible capacity. From January through June 2019, the division's sales amounted to €381.0 million, after €461.4 million in the same period last year – a decline of 17 percent.

Reporting-quarter EBITDA at WACKER POLYSILICON came in at €5.7 million. That was 85 percent less than a year ago (€39.1 million). Not only lower average polysilicon prices, but also inventory write-downs and a marked year-over-year increase in energy prices diminished EBITDA. Relative to a quarter ago (€–35.8 million), on the other hand, the division's EBITDA rose by €42 million. The increase was due in part to operational improvements, achieved through WACKER POLYSILICON's measures to optimize its production processes. Additionally, in the reporting quarter, the division retained €19.0 million in advance payments received from a solar customer. From April through June 2019, the division's EBITDA margin amounted to 3.4 percent, after 16.2 percent in Q2 2018 and –17.0 percent in Q1 2019.

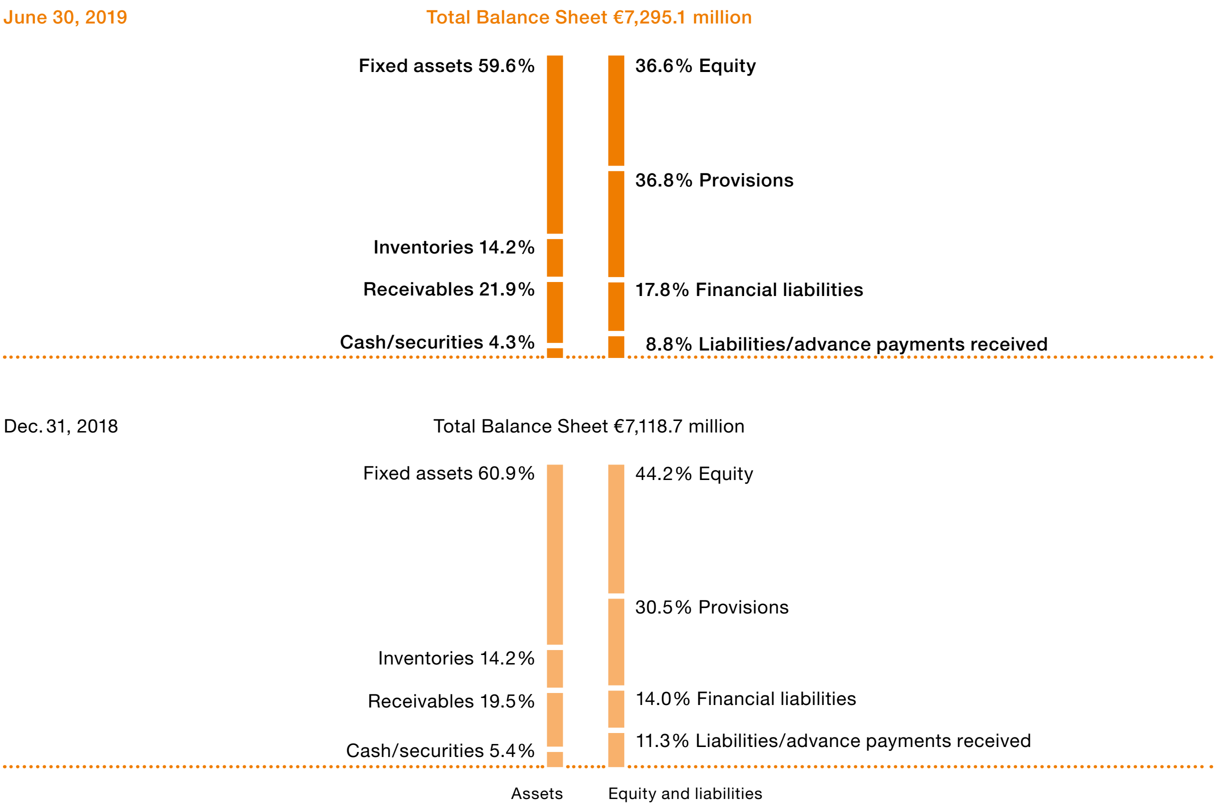
In the first half of 2019, EBITDA at WACKER POLYSILICON was €–30.1 million, €117 million lower than the prior-year period (€87.3 million). The EBITDA margin for the first half of 2019 was –7.9 percent, after 18.9 percent the year before.

WACKER POLYSILICON's capital expenditures amounted to €9.8 million in the reporting quarter, compared with €12.1 million a year ago.

Net Assets and Financial Position

June 30, 2019

Asset and Capital Structure



WACKER's balance sheet totaled €7.30 billion as of June 30, 2019, after €7.12 billion as of December 31, 2018. The main component of this increase was the larger volume of receivables, which was partly attributable to seasonal factors. On the assets side, right-of-use assets from leases were recognized for the first time. Financial liabilities from leases also rose accordingly. On the equity and liabilities side, provisions for pensions increased due to lower discount rates.

Slight Increase in Fixed Assets

Relative to the end of last year, fixed assets (including equity-accounted investments) increased slightly, amounting to €4.24 billion (Dec. 31, 2018: €4.22 billion). A total of €133.1 million in right-of-use assets from leases was reported for the first time. Investments in joint ventures and associates accounted for using the equity method declined by €46.0 million. The dividend of €46.3 million paid by Siltronic AG was a key factor here. In contrast with Siltronic AG's positive result, its higher pension provisions (recognized in other comprehensive income) reduced the carrying amount of the investment in the associate. Depreciation and amortization of €140.0 million (versus €135.5 million a year ago) mainly reduced the carrying amount of property, plant and equipment. Capital expenditures lifted fixed assets by €104.7 million, while changes in exchange rates added around €13 million.

Substantial Increase in Working Capital

Working capital climbed 20 percent to €1.47 billion (Dec. 31, 2018: €1.22 billion). Trade receivables rose by 13 percent and inventories by 2 percent. At the same time, trade payables fell by a substantial 28 percent.

Change in Working Capital

€ million	June 30, 2019	June 30, 2018	Change in %	Dec. 31, 2018	Change in %
Trade receivables	772.1	770.7	0.2	681.9	13.2
Inventories	1,034.5	911.4	13.5	1,010.7	2.4
Trade payables	–339.8	–336.1	1.1	–470.6	–27.8
Working capital	1,466.8	1,346.0	9.0	1,222.0	20.0

Dividend Payment Reduces Liquidity

As of June 30, 2019, WACKER recognized liquid assets (current and noncurrent securities, cash and cash equivalents) of €310.7 million (Dec. 31, 2018: €387.5 million). That was a decline of 20 percent. In March, WACKER took out new bank loans totaling €200 million. Liquidity was reduced in Q2 2019 by Wacker Chemie AG's dividend payment of €124.2 million and by the disbursement of variable compensation in the form of bonuses.

Lower Discount Rates Increase Provisions for Pensions

As of the reporting date, provisions for pensions climbed to €2.31 billion (Dec. 31, 2018: €1.80 billion), an increase of €515.9 million. The discount rates were 1.30 percent in Germany (Dec. 31, 2018: 1.98 percent) and 3.35 percent in the USA (Dec. 31, 2018: 4.12 percent).

Equity Ratio at 36.6 Percent

Group equity decreased compared with year-end 2018. As of June 30, 2019, it amounted to €2.67 billion (Dec. 31, 2018: €3.15 billion). The corresponding equity ratio was 36.6 percent (Dec. 31, 2018: 44.2 percent). The decrease chiefly reflected effects from provisions for pensions. The change in provisions for pensions, which was recognized in other comprehensive income, reduced equity by €393.8 million. Exchange-rate effects lifted equity by €11.9 million. The dividend payment by Wacker Chemie AG lowered equity by €124.2 million.

Gross Cash Flow

Cash flow from operating activities (gross cash flow) totaled €125.9 million in the first half of 2019, after €232.3 million in the same period last year. This marked contraction was mainly due to lower net income. Another factor was that the advance insurance compensation payments of US$100 million received last year for the loss event at the Charleston (USA) plant were reported under other non-financial liabilities. Net income included non-cash depreciation and amortization of €281.9 million (versus €268.3 million last year). Siltronic AG's dividend payment of €46.3 million lifted cash flow from operating activities. Cash payments for variable compensation and changes to working capital had a negative impact on cash flow from operating activities.

Cash Flow from Investing Activities

In the first half of 2019, cash flow from investing activities stood at €–239.1 million, coming in above the year-earlier figure (€–181.3 million) because of higher capital expenditures. The focus here was on ongoing investments in the chemical divisions.

Net Cash Flow

Due to the effects described above, net cash flow in the first six months of 2019 amounted to €–113.2 million, compared with €51.0 million in the corresponding period last year. WACKER changed its definition of net cash flow as of Q1 2019, with the change in advance payments received no longer being eliminated from gross cash flow. The comparative figure for the first half of 2018 was adjusted accordingly and is thus €15.6 million lower.

Net Cash Flow

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
Cash flow from operating activities (gross cash flow)	125.7	24.9	>100	125.9	232.3	–45.8
Cash flow from long-term investing activities before securities	–103.9	–122.6	–15.3	–239.1	–181.3	31.9
Net cash flow	21.8	–97.7	n.a.	–113.2	51.0	n.a.

Cash Flow from Financing Activities

In the first half of 2019, cash flow from financing activities was €36.3 million, versus €–206.4 million a year earlier. On the one hand, it reflected new bank loans of €200 million. In the year-ago period, promissory notes (German Schuldscheine) of €300 million were issued and a loan of US$250 million repaid prematurely. On the other hand, the cash outflow for Wacker Chemie AG's dividend payment of €124.2 million reduced cash flow from financing activities. Lease liabilities of €16.5 million (as per the new IFRS 16 standard for leases) were repaid.

Financial Liabilities Rise 30 Percent

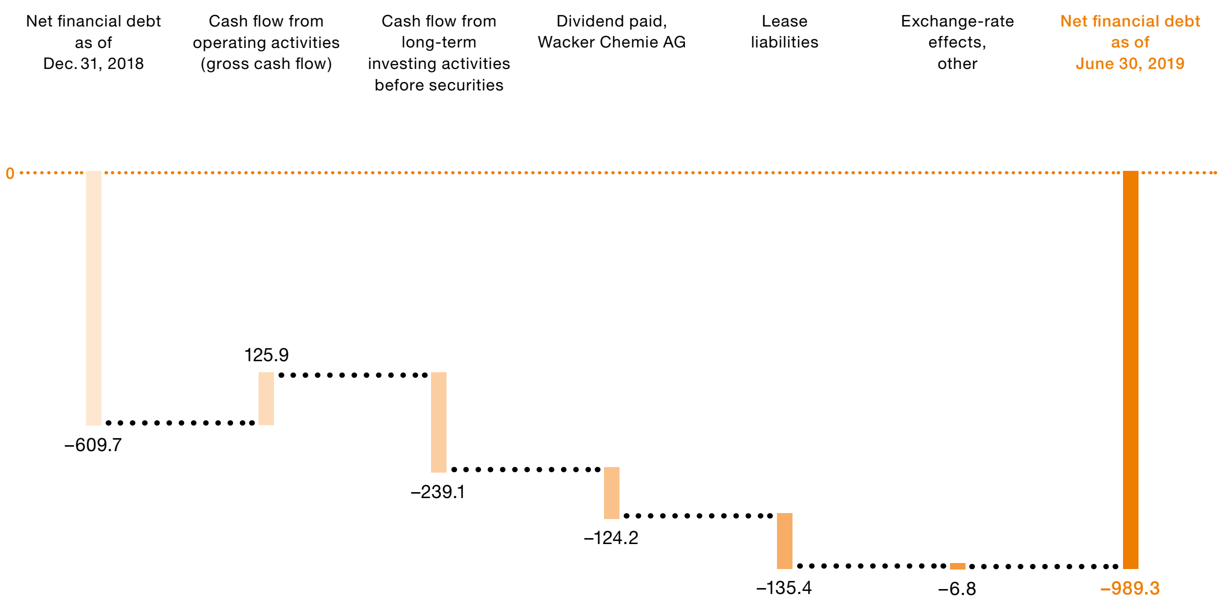
Current and noncurrent financial liabilities were substantially higher as of the reporting date, coming in at €1.30 billion (Dec. 31, 2018: €997.2 million). Changes in exchange rates had only a marginal impact on financial liabilities. In Q1 2019, WACKER took out loans totaling €200 million at favorable conditions. Application of the new accounting standard for leases (IFRS 16) resulted in an initial increase of €133.2 million in lease liabilities as of the reporting date, which further increased financial liabilities.

Net Financial Debt Higher

Net financial debt – the balance of noncurrent and current financial liabilities and liquid assets – climbed markedly, from €609.7 million to €989.3 million. The rise was due to cash outflows for operating activities, to Wacker Chemie AG's dividend payment and to the increase of €135.4 million in lease liabilities as per IFRS 16.

Net Financial Debt

€ million



Opportunities and Risks

Assessments of Opportunities and Risks Remain Unchanged

The key risk areas that might adversely affect our business situation, net assets, financial position and earnings in 2019 were explained in detail in our 2018 Annual Report, as were the main opportunities for our business and the nature of our risk management system.

See pages 81 to 96

The statements and assessments made there did not change in the reporting period. As was expected, economic conditions have deteriorated in recent months and the world economy is showing signs of weakness. Also, prices for solar-grade polysilicon remain at extremely low levels. However, we have not identified any further significant risks or opportunities that go beyond what we described in the 2018 Annual Report. We can never rule out the existence of other business-related risks and opportunities that we are currently unaware of or currently consider to be insignificant. 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 forecast for the Group's performance this year in the Outlook section of our 2018 Annual Report.

See pages 97 to 102

With the global economy losing momentum and China's solar market yet to revive, we now expect full-year EBITDA to be closer to the bottom end of our projected range (10 to 20 percent lower than last year). On balance, though, the statements made in our 2018 Annual Report regarding our expectations for the year did not change in the reporting period.

Statement of Income

January 1 to June 30, 2019

€ million	Q2 2019	Q2 2018*	Change in %	6M 2019	6M 2018*	Change in %
Sales	1,268.5	1,329.9	–4.6	2,504.2	2,547.5	–1.7
Cost of goods sold	–1,079.4	–1,078.4	0.1	–2,165.8	–2,053.1	5.5
Gross profit from sales	189.1	251.5	–24.8	338.4	494.4	–31.6
Selling expenses	–81.6	–76.6	6.5	–160.5	–149.3	7.5
Research and development expenses	–44.4	–40.2	10.4	–92.5	–81.9	12.9
General administrative expenses	–38.0	–39.9	–4.8	–78.0	–77.1	1.2
Other operating income	47.3	24.7	91.5	63.8	50.7	25.8
Other operating expenses	–16.5	–18.4	–10.3	–37.0	–35.7	3.6
Operating result	55.9	101.1	–44.7	34.2	201.1	–83.0
Result from investments in joint ventures and associates	14.8	23.9	–38.1	36.6	45.6	–19.7
Other investment result	–	–	–	–	–	–
EBIT (earnings before interest and taxes)	70.7	125.0	–43.4	70.8	246.7	–71.3
Interest income	1.8	1.7	5.9	3.9	4.1	–4.9
Interest expenses	–5.2	–5.8	–10.3	–9.8	–13.3	–26.3
Other financial result	–14.6	–13.5	8.1	–21.7	–26.0	–16.5
Financial result	–18.0	–17.6	2.3	–27.6	–35.2	–21.6
Income before income taxes	52.7	107.4	–50.9	43.2	211.5	–79.6
Income taxes	–15.5	–23.9	–35.1	–11.5	–48.9	–76.5
Net income for the period	37.2	83.5	–55.4	31.7	162.6	–80.5
Of which						
Attributable to Wacker Chemie AG shareholders	33.6	79.0	–57.5	25.6	154.3	–83.4
Attributable to non-controlling interests	3.6	4.5	–20.0	6.1	8.3	–26.5
Earnings per share in € (basic/diluted)	0.68	1.59	–57.2	0.52	3.11	–83.3
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 Comprehensive Income

January 1 to June 30, 2019

€ million	2019			2018		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			31.7			162.6
Items not subsequently reclassified to the statement of income						
Remeasurement of defined benefit plans	−531.0	137.2	−393.8	−85.2	22.0	−63.2
Sum of items not reclassified to the statement of income	−531.0	137.2	−393.8	−85.2	22.0	−63.2
Of which result from investments accounted for using the equity method	−39.7	–	−39.7	−3.8	−0.9	−4.7
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustment	11.9	–	11.9	35.4	–	35.4
Of which recognized in profit or loss	–	–	–	–	–	–
Changes in fair value of securities – FVOCI	–	–	–	–	–	–
Impairments of securities – FVOCI	–	–	–	–	–	–
Changes in fair value of derivative financial instruments (cash flow hedge)	3.0	−0.9	2.1	−15.7	4.3	−11.4
Of which recognized in profit or loss	10.3	−3.3	7.0	−5.0	1.4	−3.6
Effects of net investments in foreign operations	–	–	–	–	–	–
Of which recognized in profit or loss	–	–	–	–	–	–
Sum of items reclassified to the statement of income	14.9	−0.9	14.0	19.7	4.3	24.0
Of which result from investments accounted for using the equity method	3.7	−0.3	3.4	−5.5	1.8	−3.7
Income and expenses recognized in equity	−516.1	136.3	−379.8	−65.5	26.3	−39.2
Of which						
Attributable to Wacker Chemie AG shareholders	−516.9	136.3	−380.6	−64.4	26.3	−38.1
Attributable to non-controlling interests	0.8	–	0.8	−1.1	–	−1.1
Total income and expenses reported			−348.1			123.4
Of which						
Attributable to Wacker Chemie AG shareholders			−355.0			116.2
Attributable to non-controlling interests			6.9			7.2

Statement of Comprehensive Income

April 1 to June 30, 2019

€ million	2019			2018		
	Before taxes	Deferred taxes		Before taxes	Deferred taxes	
Net income for the period			37.2			83.5
Items not subsequently reclassified to the statement of income						
Remeasurement of defined benefit plans	–313.4	80.8	–232.6	–18.9	5.2	–13.7
Sum of items not reclassified to the statement of income	–313.4	80.8	–232.6	–18.9	5.2	–13.7
Of which result from investments accounted for using the equity method	–23.4	–	–23.4	–0.5	–	–0.5
Items subsequently reclassified to the statement of income						
Difference from foreign currency translation adjustment	–44.7	–	–44.7	75.3	–	75.3
Of which recognized in profit or loss	–	–	–	–	–	–
Changes in fair value of securities – FVOCI	–	–	–	0.1	–	0.1
Impairments of securities – FVOCI	–	–	–	–0.1	–	–0.1
Changes in fair value of derivative financial instruments (cash flow hedge)	4.1	–1.1	3.0	–17.3	4.7	–12.6
Of which recognized in profit or loss	6.2	–2.1	4.1	–1.8	0.5	–1.3
Effects of net investments in foreign operations	–	–	–	–	–	–
Of which recognized in profit or loss	–	–	–	–	–	–
Sum of items reclassified to the statement of income	–40.6	–1.1	–41.7	58.0	4.7	62.7
Of which result from investments accounted for using the equity method	–3.5	–0.2	–3.7	–4.0	1.5	–2.5
Income and expenses recognized in equity	–354.0	79.7	–274.3	39.1	9.9	49.0
Of which						
Attributable to Wacker Chemie AG shareholders	–353.2	79.7	–273.5	39.3	9.9	49.2
Attributable to non-controlling interests	–0.8	–	–0.8	–0.2	–	–0.2
Total income and expenses reported			–237.1			132.5
Of which						
Attributable to Wacker Chemie AG shareholders			–239.9			128.2
Attributable to non-controlling interests			2.8			4.3

Statement of Financial Position

As of June 30, 2019

€ million	June 30, 2019	June 30, 2018*	Change in %	Dec. 31, 2018	Change in %
Assets					
Intangible assets	33.5	47.0	–28.7	38.3	–12.5
Property, plant and equipment	3,451.0	3,478.6	–0.8	3,525.5	–2.1
Right-of-use assets	133.1	–	n.a.	–	n.a.
Investment property	8.4	1.3	>100	1.5	>100
Investments in joint ventures and associates accounted for using the equity method	612.3	580.1	5.6	658.3	–7.0
Securities	4.6	60.0	–92.3	4.4	4.5
Other financial assets	110.8	111.3	–0.4	109.3	1.4
Other receivables and assets	9.5	4.7	>100	5.3	79.2
Deferred tax assets	666.3	504.9	32.0	520.9	27.9
Noncurrent assets	5,029.5	4,787.9	5.0	4,863.5	3.4
Inventories	1,034.5	911.4	13.5	1,010.7	2.4
Trade receivables	772.1	770.7	0.2	681.9	13.2
Other financial assets	14.3	27.7	–48.4	30.1	–52.5
Other receivables and assets	107.2	101.8	5.3	85.4	25.5
Income tax receivables	31.4	19.4	61.9	64.0	–50.9
Securities and fixed-term deposits	23.1	138.7	–83.3	42.0	–45.0
Cash and cash equivalents	283.0	190.1	48.9	341.1	–17.0
Current assets	2,265.6	2,159.8	4.9	2,255.2	0.5
Total assets	7,295.1	6,947.7	5.0	7,118.7	2.5
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	3,229.8	3,236.2	–0.2	3,328.0	–3.0
Other equity items	–994.5	–595.9	66.9	–613.9	62.0
Equity attributable to Wacker Chemie AG shareholders	2,608.4	3,013.4	–13.4	3,087.2	–15.5
Non-controlling interests	58.5	52.6	11.2	58.3	0.3
Equity	2,666.9	3,066.0	–13.0	3,145.5	–15.2
Provisions for pensions	2,310.9	1,721.2	34.3	1,795.0	28.7
Other provisions	227.4	226.5	0.4	220.1	3.3
Income tax provisions	70.8	67.7	4.6	88.3	–19.8
Financial liabilities	1,056.1	940.3	12.3	894.7	18.0
Other financial liabilities	0.2	0.5	–60.0	0.4	–50.0
Contract liabilities	59.0	95.1	–38.0	64.1	–8.0
Other liabilities	–	–	–	–	–
Deferred tax liabilities	11.0	9.5	15.8	9.8	12.2
Noncurrent liabilities	3,735.4	3,060.8	22.0	3,072.4	21.6
Other provisions	27.9	57.5	–51.5	36.0	–22.5
Income tax provisions	45.8	49.3	–7.1	21.7	>100
Financial liabilities	243.9	88.0	>100	102.5	>100
Trade payables	339.8	336.1	1.1	470.6	–27.8
Other financial liabilities	14.8	24.4	–39.3	23.3	–36.5
Income tax liabilities	1.2	1.2	–	0.2	>100
Contract liabilities	59.4	73.6	–19.3	86.8	–31.6
Other liabilities	160.0	190.8	–16.1	159.7	0.2
Current liabilities	892.8	820.9	8.8	900.8	–0.9
Liabilities	4,628.2	3,881.7	19.2	3,973.2	16.5
Total equity and liabilities	7,295.1	6,947.7	5.0	7,118.7	2.5

* 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 June 30, 2019

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
Net income for the period	**37.2**	83.5	–55.4	**31.7**	162.6	–80.5
Depreciation/amortization of fixed assets	**140.0**	135.5	3.3	**281.9**	268.3	5.1
Result from disposal of fixed assets	**1.5**	0.2	>100	**3.7**	0.7	>100
Other non-cash expenses and income	**22.0**	–31.4	n.a.	**34.7**	–21.1	n.a.
Result from equity accounting	**–14.8**	–23.9	–38.1	**–36.6**	–45.6	–19.7
Net interest income	**3.4**	4.1	–17.1	**5.9**	9.2	–35.9
Interest paid	**–7.2**	–8.7	–17.2	**–11.1**	–13.3	–16.5
Interest received	**0.9**	1.6	–43.8	**1.9**	3.1	–38.7
Income tax expense	**15.5**	23.9	–35.1	**11.5**	48.9	–76.5
Taxes paid	**–12.7**	–51.6	–75.4	**21.2**	–82.1	n.a.
Dividends received	**46.2**	23.1	–	**46.2**	23.1	–
Change in inventories	**–28.8**	–32.1	–10.3	**–59.6**	–125.0	–52.3
Change in trade receivables	**–14.5**	–37.0	–60.8	**–89.3**	–111.2	–19.7
Change in non-financial assets	**–3.5**	–19.9	–82.4	**–25.6**	–15.9	61.0
Change in financial assets	**0.4**	15.9	–97.5	**16.6**	48.8	–66.0
Change in provisions	**6.8**	–0.9	n.a.	**22.0**	17.4	26.4
Change in non-financial liabilities	**–44.6**	–77.4	–42.4	**0.1**	21.3	–99.5
Change in financial liabilities	**–2.0**	16.2	n.a.	**–96.9**	66.8	n.a.
Change in contract liabilities	**–20.1**	3.8	n.a.	**–32.4**	–23.7	36.7
Cash flow from operating activities (gross cash flow)	125.7	24.9	>100	125.9	232.3	–45.8
Cash receipts and payments for investments	**–104.1**	–102.0	2.1	**–239.7**	–162.3	47.7
Proceeds from the disposal of fixed assets	**0.2**	0.4	–50.0	**0.6**	2.0	–70.0
Cash payments for acquisitions	**–**	–21.0	–100.0	**–**	–21.0	–100.0
Cash flow from long-term investing activities before securities	–103.9	–122.6	–15.3	–239.1	–181.3	31.9
Cash receipts and payments for the acquisition/disposal of securities and fixed-term deposits	**–1.2**	284.2	n.a.	**18.7**	64.7	–71.1
Cash flow from investing activities	–105.1	161.6	n.a.	–220.4	–116.6	89.0
Dividends paid	**–130.9**	–228.3	–42.7	**–130.9**	–228.3	–42.7
Change in financial liabilities	**–1.4**	–66.6	–97.9	**183.7**	21.9	>100
Change in lease liabilities	**–8.2**	–	n.a.	**–16.5**	–	n.a.
Cash flow from financing activities	–140.5	–294.9	–52.4	36.3	–206.4	n.a.
Change due to exchange-rate fluctuations	**–0.6**	1.3	n.a.	**0.1**	–6.1	n.a.
Total change in cash and cash equivalents	–120.5	–107.1	12.5	–58.1	–96.8	–40.0
At the beginning of the period	**403.5**	297.2	35.8	**341.1**	286.9	18.9
At the end of the period	**283.0**	190.1	48.9	**283.0**	190.1	48.9

Statement of Changes in Equity

January 1 to June 30, 2019

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2018, as reported	260.8	157.4	−45.1	3,303.9	−557.8	3,119.2	50.1	3,169.3
Effects of first-time application of new accounting standards*	–	–	–	1.6	–	1.6	–	1.6
Jan. 1, 2018	260.8	157.4	−45.1	3,305.5	−557.8	3,120.8	50.1	3,170.9
Net income for the period	–	–	–	154.3	–	154.3	8.3	162.6
Income and expenses recognized in equity	–	–	–	–	−38.1	−38.1	−1.1	−39.2
Total comprehensive income	–	–	–	154.3	−38.1	116.2	7.2	123.4
Dividends paid	–	–	–	−223.6	–	−223.6	−4.7	−228.3
June 30, 2018	260.8	157.4	−45.1	3,236.2	−595.9	3,013.4	52.6	3,066.0
Jan. 1, 2019, as reported	260.8	157.4	−45.1	3,328.0	−613.9	3,087.2	58.3	3,145.5
Effects of first-time application of new accounting standards	–	–	–	0.4	–	0.4	–	0.4
Jan. 1, 2019	260.8	157.4	−45.1	3,328.4	−613.9	3,087.6	58.3	3,145.9
Net income for the period	–	–	–	25.6	–	25.6	6.1	**31.7**
Income and expenses recognized in equity	–	–	–	–	−380.6	−380.6	0.8	**−379.8**
Total comprehensive income	–	–	–	25.6	−380.6	−355.0	6.9	−348.1
Dividends paid	–	–	–	−124.2	–	−124.2	−6.7	−130.9
June 30, 2019	260.8	157.4	−45.1	3,229.8	−994.5	2,608.4	58.5	2,666.9

*Of which €1.5 million from equity accounting of Siltronic.

Reconciliation of Other Equity Items

January 1 to June 30, 2019

€ million	Changes in fair value of securities – FVOCI	Impairments of securities – FVOCI	Difference from foreign currency translation adjustment	Changes in fair value of derivative financial instruments (cash flow hedge)	Remea-surement of defined benefit plans	Effects of net investments in foreign operations	Total
Attributable to Wacker Chemie AG shareholders							
Jan. 1, 2018	–	–	83.5	7.8	–645.4	–3.7	–557.8
Changes recognized in equity	–	–	–	–7.8	–63.2	–	–71.0
Reclassification to the statement of income	–	–	–	–3.6	–	–	–3.6
Changes in exchange rates	–	–	36.5	–	–	–	36.5
June 30, 2018	–	–	120.0	–3.6	–708.6	–3.7	–595.9
Jan. 1, 2019	–	–	148.9	–1.1	–758.0	–3.7	–613.9
Changes recognized in equity	–	–	–	–4.9	–393.8	–	–398.7
Reclassification to the statement of income	–	–	–	7.0	–	–	7.0
Changes in exchange rates	–	–	11.1	–	–	–	11.1
June 30, 2019	–	–	160.0	1.0	–1,151.8	–3.7	–994.5
Attributable to non-controlling interests							
Jan. 1, 2018	–	–	–4.4	–	–	–	–4.4
Changes in exchange rates	–	–	–1.1	–	–	–	–1.1
June 30, 2018	–	–	–5.5	–	–	–	–5.5
Jan. 1, 2019	–	–	–5.5	–	–	–	–5.5
Changes in exchange rates	–	–	0.8	–	–	–	0.8
June 30, 2019	–	–	–4.7	–	–	–	–4.7

Notes to the Consolidated Financial Statements

January 1 to June 30, 2019

Accounting and Valuation Methods

The consolidated interim financial statements of Wacker Chemie AG as of June 30, 2019 have been prepared in accordance with the provisions of International Accounting Standard (IAS) 34 and presented in condensed form on the basis of the International Financial Reporting Standards (IFRSs) – as issued by the International Accounting Standards Board, London, endorsed by the European Union and applicable on the closing date – and on the basis of the interpretations of the IFRS Interpretations Committee. The accounting and valuation methods applicable in fiscal 2018 have been supplemented by the new accounting standards to be applied for the first time in 2019. For more information, please refer to the section "New Accounting Standards." The accounting and valuation methods are otherwise unchanged.

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

As of each reporting date, the net defined benefit obligation must be reassessed and the discount factor newly determined. The net defined benefit obligation as of June 30, 2019 was calculated using discount factors of 1.30 percent in Germany and 3.35 percent in the USA (June 30, 2018: 1.99 percent in Germany and 4.11 percent in the USA). As of December 31, 2018, the actuarial interest rate was 1.98 percent in Germany and 4.12 percent in the USA.

As an information tool, interim financial reporting builds on the consolidated financial statements at year-end. The accounting, valuation and consolidation methods used and the exercising of options contained in the IFRSs are explained in detail in the Notes.

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

New Accounting Standards

IFRS 16 – Leases

IFRS 16 "Leases" supersedes the existing IAS 17 standard for leases and related interpretations, and is applicable for reporting periods beginning on or after January 1, 2019. For lessees, IFRS 16 introduces a uniform accounting approach in which all leases are capitalized as right-of-use assets and the corresponding payment obligations incurred are recognized as liabilities. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset and WACKER obtains control of this asset at the same time. The requirements for lessors, on the other hand, remain largely unchanged, especially as regards the continuing requirement to classify leases as operating or finance leases. In leases that have previously been classified as operating leases in accordance with IAS 17, the lease liability is measured at the present value of the remaining lease payments and discounted at the lessee's incremental borrowing rate at the date of initial application. The right-of-use asset is measured at an amount equal to the lease liability plus initial direct costs. As opposed to the previous presentation of expenses for operating leases, right-of-use assets are depreciated, and interest expenses of lease liabilities recognized. Payments for short-term leases and leases of low-value assets are expensed.

The new standard particularly impacts WACKER's recognition and measurement of leases that were previously classified as operating leases. This mainly concerns leases for offices, storage areas, vehicles and other operating equipment.

On transition to IFRS 16 as of January 1, 2019, right-of-use assets of €147.3 million and lease liabilities of €159.4 million were recognized. WACKER's investment property rose due to right-of-use assets of €7.1 million from long-term sublease agreements for parts of its Munich headquarters. Lease liabilities were discounted at the lessee's incremental borrowing rate as of January 1, 2019. The weighted average interest rate was 1.71 percent. Recognition of previous finance lease liabilities as of December 31, 2018 resulted in right-of-use assets of €22.5 million and lease liabilities of €26.2 million. The right-of-use assets are shown as a separate line item in the statement of financial position. Lease liabilities are part of noncurrent and current financial liabilities. On balance, the changes resulted in deferred tax assets of €0.7 million. As of January 1, 2019, the net effect on retained earnings was a decline of €0.4 million.

The transition to IFRS 16 took place using the modified retrospective approach. The comparative figures for prior-year periods were not restated. WACKER claimed the following exceptions on initial application:

- Leases previously accounted for as IAS 17 finance leases are recognized as right-of-use assets and lease liabilities at the carrying amounts of the leased assets and the finance lease liabilities, respectively
- Application of a single discount rate for a portfolio of leases with similar characteristics
- Classification as short term of leases that had residual maturities of less than 12 months as of January 1, 2019
- The exclusion of initial direct costs when assigning the value of right-of-use assets at the date of initial application

There were no onerous leases at the date of initial application of IFRS 16.

Reconciliation of the Opening Balance of Lease Liabilities in Accordance with IFRS 16

€ million	Jan. 1, 2019
Operating lease obligations as of December 31, 2018	116.8
Minimum lease payments (nominal value) of lease liabilities from finance leases as of December 31, 2018	47.6
Practical expedients for short-term leases	–2.8
Practical expedients for leases of low-value assets	–7.0
Lease-related liabilities (service components)	0.4
No leases as per IFRS 16	–7.5
Exercise of probable options	50.7
Other	–1.4
Gross lease liabilities as of January 1, 2019	**196.8**
Discounting	–37.4
Lease liabilities as of January 1, 2019	159.4
Present value of liabilities from finance leases as of December 31, 2018	–26.2
Additional lease liabilities due to initial application of IFRS 16 as of January 1, 2019	133.2

Seasonal Influences

Sales of polymer and silicone products to the construction industry are subject to seasonal fluctuations over the year. Volumes are higher in the summer months than in the winter, when the construction industry slows down. This effect can be cushioned by overseas business. Sales, particularly for the WACKER POLYMERS segment, are usually lower in Q1 and Q4 than in Q2 and Q3.

Disaggregation of Revenue in Accordance with IFRS 15

At WACKER, the sales revenue per segment corresponds to the Group's different product categories. The differences between chemical products, and also between market and customer groups, are evident in the segments. The particular region to which WACKER supplies its products also has a major impact on revenue. WACKER recognizes the majority of its sales at specific delivery dates. In the case of customer-specific orders at WACKER BIOSOLUTIONS, sales are recognized over time. The following table shows the disaggregation of revenue in accordance with IFRS 15:

Disaggregation of Revenue as per IFRS 15: Jan. 1 – June 30, 2019

€ million	WACKER SILICONES		WACKER POLYMERS		WACKER BIOSOLUTIONS		WACKER POLYSILICON		Other/ consolidation		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue by region												
Europe	570.5	591.8	315.0	304.1	45.1	52.8	47.4	48.2	69.8	66.6	1,047.8	1,063.5
The Americas	238.8	222.3	178.7	166.5	45.8	31.7	5.5	4.3	0.6	0.6	469.4	425.4
Asia	365.5	358.6	147.7	136.3	24.0	22.0	327.9	408.7	1.9	2.8	867.0	928.4
Other regions	80.1	86.9	35.5	38.1	4.2	5.0	0.2	0.2	–	–	120.0	130.2
Total	1,254.9	1,259.6	676.9	645.0	119.1	111.5	381.0	461.4	72.3	70.0	2,504.2	2,547.5
Of which outside the scope of IFRS 15	–	–	–	–	–	–	–	–	3.5	3.2	3.5	3.2
Time of revenue recognition												
Point in time	1,254.9	1,259.6	676.9	645.0	95.6	94.3	381.0	461.4	72.3	70.0	2,480.7	2,530.3
Over time	–	–	–	–	23.5	17.2	–	–	–	–	23.5	17.2
Total	1,254.9	1,259.6	676.9	645.0	119.1	111.5	381.0	461.4	72.3	70.0	2,504.2	2,547.5

Other Financial Obligations

For information on disclosures of other financial obligations, please refer to the Notes to the consolidated financial statements in the 2018 Annual Report.

During the reporting period, there were no material changes to the information provided in the 2018 Annual Report.

Changes in the Scope of Consolidation

As of June 30, 2019, the scope of consolidation comprised 53 companies (including Wacker Chemie AG) and a special-purpose entity. The interim financial statements comprised 50 fully consolidated companies. Compared with December 31, 2018, the scope of consolidation was reduced by two subsidiaries. As of May 23, 2019, SynCo Bio Partners Investments B.V., Amsterdam, the Netherlands, was liquidated. On June 27, 2019, Wacker Biotech Holding B.V., Amsterdam, the Netherlands, merged with Wacker Biotech B.V., Amsterdam, the Netherlands.

Reconciliation with Segment Results

€ million	Q2 2019	Q2 2018	Change in %	6M 2019	6M 2018	Change in %
EBIT of reporting segments	67.6	137.7	−50.9	91.0	273.3	−66.7
Corporate functions/Other	3.2	−12.2	n.a.	−19.1	−25.2	−24.2
Consolidation	−0.1	−0.5	−80.0	−1.1	−1.4	−21.4
Group EBIT	70.7	125.0	−43.4	70.8	246.7	−71.3
Financial result	−18.0	−17.6	2.3	−27.6	−35.2	−21.6
Income before income taxes	52.7	107.4	−50.9	43.2	211.5	−79.6

Segment Reporting

Please refer to the Division Performance section of this interim report for the required information on segments.

Information on Fair Value

The fair value of a financial instrument is the price that would be achieved in the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities.

Carrying Amounts and Fair Values of Financial Instruments (IFRS 7)

€ million	June 30, 2019		December 31, 2018	
	Fair value	Carrying amount	Fair value	Carrying amount
Trade receivables	**772.1**	**772.1**	681.9	681.9
Securities and fixed-term deposits (measured at amortized cost)	**1.7**	**1.7**	20.6	20.6
Securities (FVOCI)[1]	**5.3**	**5.3**	5.6	5.6
Securities (FVPL)[2]	**20.7**	**20.7**	20.2	20.2
Other financial assets	**125.1**	**125.1**	139.4	139.4
Loans and other financial assets, measured at amortized cost	**106.5**	**106.5**	117.4	117.4
Investments (FVPL)[3]	**11.4**	**11.4**	11.3	11.3
Derivative financial instruments (FVPL and FVOCI)	**7.2**	**7.2**	10.7	10.7
Cash and cash equivalents (measured at amortized cost)	**283.0**	**283.0**	341.1	341.1
Financial liabilities	**1,166.2**	**1,155.0**	965.5	970.9
Financial liabilities from lease liabilities	**145.0**	**145.0**	26.3	26.3
Trade payables	**339.8**	**339.8**	470.6	470.6
Other financial liabilities	**15.0**	**15.0**	23.7	23.7
Financial liabilities recognized at amortized cost	**9.1**	**9.1**	12.5	12.5
Derivative financial instruments (FVPL and FVOCI)	**5.9**	**5.9**	11.2	11.2

[1] FVOCI = financial assets measured at fair value through other comprehensive income
[2] FVPL = financial assets measured at fair value through profit or loss
[3] The historical cost of these investments represents the best approximation of their fair value.

WACKER measured equity instruments not held for trading in the amount of €11.4 million at fair value pursuant to IFRS 9 and reallocated these to Level 3 of the fair value hierarchy. The instruments concerned mainly consist of small, regional investments in non-profits that operate infrastructure facilities. No fair value exists for these companies since no active market values are available. WACKER considers the historical cost of these equity instruments to be the best approximation of their fair value. No further information is available that would enable a model-based measurement. Due to the non-profit nature of these entities, the noncurrent assets they hold and that are utilized by WACKER represent the best input factor for measuring fair value. A percentage of these assets is reflected in the acquisition costs. WACKER reviews the carrying amounts of investments in equity instruments once a year to counter the risk of an impaired asset.

The financial assets and liabilities measured at fair value in the statement of financial position were allocated to one of three categories in accordance with the fair value hierarchy described in IFRS 13. Allocation to these categories reveals which of the fair values reported were settled through market transactions and the extent to which the measurement was based on models in the absence of observable market transactions. Please refer to the Financial Instruments section of the Notes to the consolidated financial statements in the 2018 Annual Report for a definition of the fair value hierarchy and the allocation of financial assets and liabilities to the categories in this hierarchy.

The table below shows the fair-value-hierarchy classification of the financial assets and liabilities recognized at fair value in the statement of financial position.

Fair Value Hierarchy

€ million	Fair Value Hierarchy June 30, 2019				Fair Value Hierarchy December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Fair value through profit or loss								
Derivatives that do not qualify for hedge accounting (FVPL)	–	2.7	–	**2.7**	–	4.0	–	**4.0**
Investments in equity instruments – trading (FVPL)	–	–	11.4	**11.4**	–	–	11.3	**11.3**
Fair value through other comprehensive income/through profit or loss								
Derivatives that qualify for hedge accounting	–	4.5	–	**4.5**	–	6.7	–	**6.7**
Securities – held-to-collect and for sale (FVOCI)	5.3	–	–	**5.3**	5.6	–	–	**5.6**
Securities – trading (FVPL)	20.7	–	–	**20.7**	20.2	–	–	**20.2**
Total	26.0	7.2	11.4	44.6	25.8	10.7	11.3	47.8
Financial assets measured at amortized cost								
Loans – held-to-collect	–	90.2	–	**90.2**	–	89.6	–	89.6
Total	–	90.2	–	90.2	–	89.6	–	89.6
Financial liabilities measured at fair value								
Fair value through profit or loss								
Derivatives that do not qualify for hedge accounting (FVPL)	–	3.5	–	**3.5**	–	4.8	–	4.8
Fair value through other comprehensive income/through profit or loss								
Derivatives that qualify for hedge accounting	–	2.4	–	**2.4**	–	6.4	–	6.4
Total	–	5.9	–	5.9	–	11.2	–	11.2
Financial liabilities measured at amortized cost								
Financial liabilities	–	1,166.2	–	**1,166.2**	–	965.5	–	965.5
Total	–	1,166.2	–	1,166.2	–	965.5	–	965.5

The market value determined in Level 1 is based on quoted, unadjusted prices in active markets for the assets and liabilities in question or for identical ones. The financial instruments allocated to Level 2 are measured using methods based on parameters that are either directly or indirectly derived from observable market data. These include hedging and non-hedging derivative financial instruments, loans and financial liabilities. In Level 3, the market value is determined on the basis of parameters for which no observable prices are available. This includes WACKER investments not held for trading. At the respective reporting date of each quarter, WACKER reviews whether its financial instruments are still allocated to the appropriate fair-value-hierarchy levels. As was the case in the consolidated financial statements for 2018, no reclassifications were carried out between the levels of the fair value hierarchy in the first six months of 2019. The adjustments made in accordance with IFRS 9 did not entail any reclassifications within the fair value hierarchy.

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

Related Party Disclosures

IAS 24 stipulates that a person or company which controls, or is controlled by, Wacker Chemie AG must be disclosed unless the party in question is already included in Wacker Chemie AG's consolidated financial statements as a consolidated company. Control exists if a shareholder holds more than half of the voting rights in Wacker Chemie AG or, by virtue of provisions in the Articles of Association or contractual arrangements, has the possibility of controlling the financial and business policy of the WACKER Group's Executive Board.

The WACKER Group is affected by the IAS 24 rules mainly with respect to the business relations with Wacker Chemie AG's joint ventures, major shareholders, and Executive and Supervisory Board members. The principles of IAS 24 also apply to all transactions with non-consolidated subsidiaries, associates and joint ventures, since Wacker Chemie AG exercises significant influence over them.

The WACKER Group is controlled by its majority shareholder, Dr. Alexander Wacker Familiengesellschaft mbH, which holds over 50 percent of the voting shares in Wacker Chemie AG.

The provision of services between Wacker Chemie AG and its majority shareholder, Dr. Alexander Wacker Familiengesellschaft mbH, as well as with the shareholders of Dr. Alexander Wacker Familiengesellschaft mbH and their close family members, is of subordinate importance, and concerns, to a minor extent, the renting of office space and exchange of services. None of these services is of significant business scope. These transactions are conducted at arm's length.

Wacker Chemie AG's pension fund (Pensionskasse der Wacker Chemie VVaG) is also considered a related party pursuant to IAS 24. The provision of services takes place between the two entities in the area of company pension plan benefits. WACKER makes payments to plan assets to cover pension obligations. Wacker Chemie AG also rents the headquarters building and the land on which it stands from a subsidiary of the pension fund. Since January 1, 2019, WACKER has accounted for the lease as a lease liability in accordance with IFRS 16. As of June 30, 2019, lease liabilities totaled €47.1 million. Interest expense amounted to €0.5 million in the first half of the year. In the previous year, there was a rental expense of €2.2 million. Additional liabilities of €2.6 million (Dec. 31, 2018: €1.2 million) mainly related to as-yet outstanding contributions.

Further, WACKER Group companies have not conducted any material transactions with members of Wacker Chemie AG's Executive or Supervisory Boards or with any other key management personnel or with companies of whose executive or supervisory bodies these persons are members. The same applies to close family members of the aforementioned persons.

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

The table below shows the volume of supply and service activities with the above-mentioned related parties.

Related Party Disclosures

€ million	6M 2019		2019 June 30, 2019		6M 2018		2018 Dec. 31, 2018	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associates	74.3	67.6	16.8	12.0	88.5	73.9	14.7	18.6
Joint ventures	2.1	0.5	0.7	0.1	3.8	0.7	0.7	0.1

In addition, there was a loan to an associate totaling €90.2 million (Dec. 31, 2018: €89.6 million) and interest receivable of €2.9 million (Dec. 31, 2018: €0.9 million).

Interest income of €2.0 million in the first half of the year was identical to the year-ago period.

Exchange Rates

Exchange Rates

€ million	Exchange rate as of			Average exchange rate	
	June 30, 2019	June 30, 2018	Dec. 31, 2018	6M 2019	6M 2018
USD	1.14	1.16	1.14	1.13	1.21
CNY	7.82	7.70	7.86	7.67	7.71

Major Events during the Interim Reporting Period

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

Events after the Reporting Date

No major events subject to reporting requirements occurred between the balance sheet date (June 30, 2019) and the date of authorization of the quarterly financial statements (August 1, 2019). There were no material or fundamental changes in the WACKER Group's overall economic and business environment.

The Group's legal and organizational structure remained unchanged.

Munich, August 1, 2019
Wacker Chemie AG's Executive Board

Rudolf Staudigl **Christian Hartel**

Tobias Ohler **Auguste Willems**

Responsibility Statement

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

Munich, August 1, 2019
Wacker Chemie AG's Executive Board

Rudolf Staudigl	Christian Hartel
Tobias Ohler	Auguste Willems

Review Report

To Wacker Chemie AG, Munich

We have reviewed the condensed interim consolidated financial statements of Wacker Chemie AG – comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the statement of changes in equity and selected explanatory notes – together with the interim group management report of Wacker Chemie AG, for the period from January 1 through June 30, 2019, that are part of the semi-annual financial report according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, August 1, 2019
KPMG AG Wirtschaftsprüfungsgesellschaft

Andrejewski	**Hanshen**
Auditor	**Auditor**

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