PRESS RELEASE

SGL GROUP
THE CARBON COMPANY

Substantial progress in the strategic realignment of SGL Group – Operating profit improved in first nine months of 2016

- Recurring EBIT increases to 12.8 million euros
- Recurring EBIT of Composites – Fibers & Materials (CFM) improved
- Recurring EBIT of Graphite Materials & Systems (GMS) decreased mainly due to positive one-time effects in the prior year and lower profit contribution from the process technology business
- Close to break-even cash flow in Q3/2016 results in stable net debt as of September 30, 2016, compared to June 30, 2016
- Dr. Jürgen Köhler, CEO of SGL Group: "With the expected proceeds of the sales of the Performance Products businesses, we expect to see a significant reduction of our net debt position. This will contribute to create a solid foundation for our growth businesses."

Wiesbaden, November 10, 2016. In the first nine months of 2016, SGL Group increased recurring EBIT from continuing operations to 12.8 (previous year: 8.6) million euros. The reporting segment Composites – Fibers & Materials (CFM) contributed with recurring EBIT rising to 16.8 (previous year: 12.9) million euros. Recurring EBIT of Graphite Materials & Systems (GMS) decreased to 18.8 (previous year: 27.2) million euros mainly due to positive one-time effects in the prior year and lower profit contribution from the process technology business. Recurring EBIT in the reporting segment Corporate and T&I improved by 28 percent to minus 22.8 (previous year: minus 31.5) million euros as a result of further cost savings.

"Over the last months, we made significant progress in our strategic realignment and transformation," says Dr. Jürgen Köhler, CEO of SGL Group. "With the proceeds of the sale of the graphite electrode business to the Japanese company Showa Denko and the expected proceeds of the remaining Performance Products business, we expect to see a significant reduction of our net debt position and thereby improve the balance sheet ratios. This will contribute to create a solid foundation for our growth businesses CFM and GMS."

SGL Group sales from continuing operations declined by 6 percent to 562.1 (previous year: 598.8) million euros in the first nine months of 2016. Reported Group EBIT increased from 6.6 to 12.2 million euros due to improved earnings in the business unit CFM and lower expenses in the reporting segment T&I and Corporate. Return on Capital Employed (ROCE) based on EBITDA before non-recurring charges improved from 5.6 to 7.8 percent. The Group's net financing result saw a slight improvement from minus 39.7 million to minus 38.7 million euros. The result from continuing operations before taxes improved to minus 26.5 (previous year: minus 33.1) million euros; after taxes to minus 28.3 (previous year: minus 36.5) million euros.

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Composites – Fibers & Materials' EBIT improved

Sales in the reporting segment CFM decreased by 7 percent in the first nine months 2016 to 234.5 (previous year: 252.2) million euros, mainly due to the acrylic fiber business, which despite higher volumes posted substantial lower sales based on lower raw material (acrylonitrile) prices, resulting from the lower oil price. Recurring EBIT in the first nine months of the year improved to 16.8 (previous year: 12.9) million euros. The highest earnings increase was posted by the joint ventures with BMW Group, i.e. SGL Automotive Carbon Fibers, primarily because they are no longer incurring start up costs. As a result, the EBIT margin increased to 7.2 (previous year: 5.1) percent. EBIT after non-recurring charges amounted to 16.8 (previous year: 12.6) million euros.

Graphite Materials & Systems' solutions for solar, LED and semiconductors industries developed well – overall result impacted by energy related industries in North America and positive one-time effects in the prior year

GMS sales declined by 6 percent to 321.4 (previous year: 340.1) million euros. From a regional perspective, isostatic graphite and fiber materials based business developed well in Europe and volume-wise also in Asia, particularly with customers from the solar, LED, and semiconductor industries. In contrast, the North American business was negatively impacted by the reduced demand from energy related industries due to the low crude oil price, burdening particularly the process technology business and products based on extruded graphite. Demand for the anode materials for the lithium-ion battery industry developed at anticipated levels. Recurring EBIT decreased by 31 percent to 18.8 (previous year: 27.2) million euros mainly due to positive one-time effects in the prior year and lower earnings contributions from the process technology business. The EBIT margin amounted to 5.8 percent (previous year: 8.0 percent). EBIT after non-recurring charges amounted to 18.3 (previous year: 26.3) million euros.

Segment T&I and Corporate improves earnings due to cost savings

Recurring EBIT in the reporting segment T&I and Corporate improved by 27.6 percent to minus 22.8 (previous year: minus 31.5) million euros as a result of further cost savings and the changed management incentive structure. EBIT after non-recurring charges amounted to minus 22.9 (previous year: minus 32.3) million euros.

Discontinued operations impacted in particular by the graphite electrode business

Discontinued operations primarily relate to the business unit Performance Products (PP). Its results continue to be characterized by a significant price decline for graphite electrodes, while the delivery volumes increased slightly. Business with cathodes, furnace linings and carbon electrodes (CFL/CE) developed well within expectations. In addition, the result of the discontinued operations is burdened by impairment losses of 42.9 million euros triggered by the sales agreement with Showa Denko. The impairment loss is due solely to the continuation of the business until closing as well as estimated transaction costs. The result of the discontinued operations of PP also includes a one-time deferred tax impact amounting to minus 14 million euros mainly due to the legal separation of the PP business. In the reporting period, PP thus sustained a loss of 92.3 million euros (previous year: plus 12.2 million euros). In total, after-tax earnings of discontinued operations came to minus 94.7 (previous year: minus 67.5) million euros. Including discontinued operations, SGL Group generated a consolidated net result of minus 123.0 (previous year: minus 104.0) million euros in the first nine months of 2016.

Free cashflow from continuing operations improved

Total assets as of September 30, 2016, decreased by 9 percent to 1,690.7 million euros (December 2015: 1,856.1 million euros). The decrease in total assets is attributable, on the one hand, to the lower liquidity, and, on the other hand, to impairment losses of fixed assets in the graphite electrodes business as well as to a targeted reduction in inventory in the discontinued business unit PP. Equity amounted to 101.8 (December 31, 2015: 289.3) million euros. Overall, the equity ratio declined to 6.0 percent compared to 15.6 percent as of December 31, 2015. Net financial debt increased by 17 percent to 623.1 (December 31, 2015: 534.2) million euros. Main reasons were the build-up of working capital, one-time cash outflows in connection with the closure of the graphite electrode production site in Frankfurt-Griesheim and the partial payment of the negative purchase price of HITCO’s aerostructure business. However, compared to the net financial debt of 619.9 million euros as of June 30, 2016, net financial debt as of September 30, 2016, remained almost unchanged due to the nearly break-even free cash flow in the third quarter 2016.

Free cash flow from continuing operations in the reporting period improved to minus 74.4 million euros compared to the prior year period (minus 118.7 million euros). This development is attributable to the cash effects of unwinding USD currency hedges in the prior period, as well as to the lower build-up of working capital in the first nine months 2016 compared to the year before. Since most of the negative free cash flow from continued and discontinued operations in the reporting period occurred in the first half year 2016, free cash flow from continued and discontinued operations in the third quarter 2016 was nearly break-even at minus 3.9 million euros.

Successful execution of SGL2015 cost savings program

By the end of the reporting period, cumulative savings totaling 228 million euros (including savings related to discontinued operations of PP) had already been realized. Since the cumulative savings target of 240 million euros (compared to the base year 2012) includes the incurred losses of 15 million euros in 2012 of the now disposed HITCO (aerostructures) and SGL Rotec (rotor blades), the target has now been reached.

In order to adjust the corporate and administrative structures to a smaller SGL Group post the sale of the entire former business unit PP, the company has introduced project CORE (COrporate REstructuring) with the intention to lower overall costs by approximately 25 million euros by the end of 2018. Expenses in connection with project CORE, including the reduction in the size of the board of management, will be recorded in the fourth quarter 2016 and are estimated to be in the magnitude of 50 percent of the expected annual savings.

Improving net debt position and capital structure

On October 20, 2016, SGL Group signed the sale and purchase agreement to sell its graphite electrode business to Showa Denko. Closing is expected in the first half of 2017. To maximize the proceeds in the divestment process of the former business unit PP, SGL Group intends to separately sell the CFL/CE business, which is also part of the former business unit PP, with this sales process to be continued in early 2017.

Given the outcome of the sale of the graphite electrode business, SGL Group believes to be able to achieve more than the book value of the former business unit PP in the aggregated transactions.

SGL Group intends to use the proceeds of the sale of the graphite electrode business and the expected proceeds of the sale of the remaining PP business for a significant reduction of the net debt position and to thereby improve the balance sheet ratios. In addition, SGL Group is currently evaluating the merits and viability of a potential near term rights issue utilizing the existing authorized capital framework to further improve the capital structure and restore key financial metrics to create a solid foundation for the growth businesses CFM and GMS.

Guidance for 2016

Against the backdrop of the disposal procedures for the graphite electrode and the remaining PP business, the measures to adjust the administrative structures to a smaller SGL Group following the entire PP disposal, and the related other transitional matters in connection with the repositioning of the company to focus on the growth businesses CFM and GMS, SGL Group decided to withdraw its guidance as last provided in its report on the first half year 2016 effective October 20, 2016, and to abstain for the time being from providing any short term profit guidance during this transformation phase. The company plans to resume providing a new profit guidance around the time of the publication of the 2016 annual report in March 2017.

The report on the first nine months of 2016 as well as further information about SGL Group can be found at: www.sglgroup.com as well as in the newsroom of SGL Group at: www.sglnewsroom.com/en/.

Key figures of SGL Group

(in €m)

	9M-2016	9M-2015	Change
Sales revenue from continuing operations	**562.1**	598.8	-6.1%
EBITDA before non-recurring charges	**49.0**	45.8	7.0%
Operating profit (EBIT) before non-recurring charges	**12.8**	8.6	48.8%
Return on sales (EBIT-margin) [1]	**2.3 %**	1.4 %	-
Return on Capital Employed ($ROCE_{EBITDA}$)	**7.8 %**	5.6 %	-
Operating Profit/EBIT	**12.2**	6.6	84.8%
Result from continuing operations	**-28.3**	-36.5	22.5%
Result from discontinued operations, net of income taxes	**-94.7**	-67.5	-40.3%
Consolidated net result attributable to the shareholders of the parent company	**-124.1**	-105.6	-17.5%
Earnings per share continuing operations, basic and diluted (in €) [2]	**-0.32**	-0.42	23.8%
Payments to purchase intangible assets and property, plant and equipment (without SGL ACF)	**-21.2**	-23.3	9.0%
Payments to purchase intangible assets and property, plant and equipment (SGL ACF)	**-0.8**	-8.7	> 100%
Free cash flow from continuing operations	**-74.4**	-118.7	37.3%

	September 30, 2016	December 31, 2015	Change
Total assets	**1,690.7**	1,856.1	-8.9%
Equity attributable to the shareholders of the parent company	**101.8**	289.3	-64.8%
Net financial debt	**623.1**	534.2	16.6%
Gearing [3]	**6.12**	1.85	-
Equity ratio [4]	**6.0 %**	15.6 %	-9.6%-points
Employees [5]	**5,406**	5,658	-4.5%

1) Ratio of EBIT before non-recurring charges to sales revenue
2) Based on an average number of shares of 92.1 million
3) Net financial debt divided by equity attributable to the shareholders of the parent company
4) Equity attributable to the shareholders of the parent company divided by total assets
5) Thereof employees PP: 1,454 (December 2015: 1,573)

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About SGL Group – The Carbon Company

SGL Group is one of the world's leading manufacturers of carbon-based products and materials. It has a comprehensive portfolio ranging from carbon and graphite products to carbon fibers and composites. SGL Group's core competencies are its expertise in high-temperature technology as well as its applications and engineering know-how gained over many years. These competencies enable the Company to make full use of its broad material base. SGL Group's carbon-based materials combine several unique properties such as very good electrical and thermal conductivity, heat and corrosion resistance as well as high mechanical strength combined with low weight. Due to industrialization in the growth regions of Asia and Latin America and increased substitution of traditional with innovative materials, there is a growing demand for SGL Group's high-performance materials and products. Products from SGL Group are used predominantly in the steel, aluminum, automotive and chemical industries as well as in the semiconductor, solar and LED sectors and in lithium-ion batteries. Carbon-based materials and products are also being used increasingly in the wind power, aerospace and defense industries.

With 40 production sites in Eurospe, North America and Asia as well as a service network covering more than 100 countries, SGL Group is a company with a global presence. In 2015, the Company's workforce of around 5,700 employees generated sales of €1,323 million. The Company's head office is located in Wiesbaden.

Further information on SGL Group can be found in SGL Group's newsroom at www.sglgroup.com/press or *at www.sglgroup.com*.

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