PRESS RELEASE

SGL GROUP
THE CARBON COMPANY

Strong first quarter confirms full year outlook

- Group sales from continuing operations up by 15.4 percent to 216.3 million euros, driven by market segments energy, digitization, industrial applications and textile fibers
- Recurring Group EBIT improves to 9.6 million euros
- Graphite Materials & Systems (GMS) improves operating result significantly; Composites – Fibers & Materials (CFM) as expected stable
- Sales agreement for cathodes, furnace linings and carbon electrodes business to be reached this year
- Dr. Jürgen Köhler, CEO of SGL Group: "Our realignment is starting to pay off"

Wiesbaden, May 11, 2017. SGL Group achieved a good start into the fiscal year. Both business units, Composites – Fibers & Materials (CFM) and Graphite Materials & Systems (GMS), substantially increased their sales revenues. At the same time, recurring Group EBIT increased significantly by 50 percent to 9.6 (previous year: 6.4) million euros due to the improved earnings in the business unit GMS and savings in the reporting segment Corporate. The return on capital employed (ROCE) based on recurring EBITDA, at 8.6 (previous year: 8.5) percent, slightly exceeded prior year level. Regarding the disposal process of the former business unit Performance Products (PP), the closing of the sale of the graphite electrode business continues to be anticipated for mid-2017. For the business with cathodes, furnace linings and carbon electrodes (CFL/CE), a sales agreement is to be reached by the end of this year.

"Our realignment is starting to pay off. We increased our first quarter sales substantially and improved our profitability significantly," commented Dr. Jürgen Köhler, CEO of SGL Group. "We are continuing our work on the key technologies of the future to serve the growth trends of mobility, energy and digitization. In our Lightweight and Application Center, we are advancing our development projects for the automotive and aerospace industries. In the energy segment, we will expand our production capacities for graphite anode materials used in lithium-ion batteries. For the remaining business activities of the Performance Products business unit, we plan to achieve a sales agreement by the end of this year. This will finally clear the way for the new SGL Group."

Group sales were up by a substantial 15.4 percent in the first quarter of 2017, to reach 216.3 (previous year: 187.5) million euros. The operating result (EBIT) likewise increased considerably, from 6.6 to 9.0 million euros. Pre-tax result from continuing operations improved to minus 5.1 (previous year: minus 8.7) million euros. After taxes and deduction of non-controlling interests, the Group's consolidated net result amounted to minus 0.3 (previous

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year: minus 26.4) million euros.

Composites – Fibers & Materials (CFM): operational improvements offset by investments in the Lightweight and Application Center

Sales in the reporting segment CFM increased by 13.7 percent to 93.6 (previous year: 82.3) million euros in the first quarter of 2017. Main reasons were higher revenues from carbon fibers for composite materials in the market segment industrial applications. Additionally, the higher oil price had a positive impact on the selling prices of textile fibers. While sales in the automotive and wind energy businesses rose slightly, sales in the aerospace segment were below the very good prior year level. As anticipated, EBIT at 7.9 (previous year: 7.8) million euros was at a similar level as in the previous year. The operational improvement was offset by the ramp-up of the Lightweight and Application Center (LAC). The strongest earnings improvement was recorded in the segment industrial applications, resulting from the good capacity utilization in the carbon fibers plants. Earnings in the market segment automotive also showed an increase primarily due to the improved result from the At-Equity accounted investments Ceramic Brake Discs (Brembo SGL) and Automotive Composites (Benteler-SGL).

Graphite Materials & Systems (GMS): growth in nearly all market segments except chemicals

In the reporting segment GMS, sales in the first quarter also significantly increased by 17.9 percent to 121.4 (previous year: 103.0) million euros. This development primarily reflects the higher demand for graphite anode materials for lithium-ion batteries. Sales relating to solar, LED, semiconductor and industrial applications businesses rose as well. The market segment automotive remained at the prior year level. Solely the market segment chemicals recorded a lower sales level due to the ongoing subdued investment activity in the industry. Recurring EBIT increased by 21.4 percent to 8.5 (previous year: 7.0) million euros, primarily due to the improved result of the market segment battery & other energy. This effect was partially offset by the weakness in the chemicals industry.

Savings in Corporate

In the framework of project CORE (COrporate REstructuring), the responsibilities for research and development activities were re-allocated between the central innovation function and the business units CFM and GMS. Activities of a more fundamental or long-term nature will continue to be driven at the corporate level and, as before, will be recorded in the third reporting segment renamed Corporate (previously: T&I and Corporate). Recurring EBIT in the corporate segment improved by 19 percent to minus 6.8 million (previous year: minus 8.4) euros mainly due to savings from the project CORE.

Discontinued operations mainly reflect positive results of cathodes, furnace linings and carbon electrodes business

Discontinued operations of SGL Group comprise the business unit Performance Products (PP) and the remaining properties and buildings of HITCO, while the aerostructures activities were sold at the end of 2015. In the first quarter, income from discontinued operations after taxes amounted to 6.5 (prior period: minus 9.8) million euros. With the sales agreement for the graphite electrodes business dated October 20, 2016, the estimated losses until closing were already recognized in the prior year, which means that the operating performance of the graphite electrodes business in the current period had no impact on the result from discontinued operations. The cathodes, furnace linings and carbon electrodes business unit continued to improve its earnings compared to the good prior year level.

Further improvement of free cash flow, equity ratio slightly increased

The free cash flow from continuing operations improved to minus 31.5 (previous year: minus 48.1) million euros mainly due to the higher operating profit and a value added tax refund in the first quarter of 2017. Total assets, at 1,885.3 (December 31, 2016: 1,899.2) million euros, were slightly below prior year's end. Due to a positive currency translation impact, equity attributable to the shareholders rose slightly to 338.8 (previous year: 331.8) million euros. Accordingly, the equity ratio improved to 18.0 (December 31, 2016: 17.5) percent. In addition, net financial debt at the end of March increased to 482.5 (December 31, 2016: 449.4) million euros. The main reason was the decrease in total liquidity, attributable to the buildup of working capital due to the reduction in trade payables.

Outlook for 2017 confirmed

SGL Group confirms the guidance for the fiscal year 2017: Expected volume growth and the implementation of initial CORE measures should allow Group EBITDA and Group EBIT (both before non-recurring charges) to increase more than proportionately to sales, for which we anticipate a high single digit percentage increase. The anticipated operational improvements will likely not be reflected in the Group consolidated net result from continuing operations because of the positive one-off effect realized through the sales agreement of the Evanston site in the previous year as well as the planned early redemption of the corporate bond, which results in an accelerated write-off of the capitalized refinancing costs and an early prepayment penalty. Accordingly, SGL Group anticipates net loss from continuing operations in the mid-double-digit million euro range, roughly at the same level as the previous year. Earnings from discontinued operations and, therefore, also the Group result, will be characterized by an anticipated slight improvement in the operational business of CFL/CE, the absence of one-off effects in the graphite electrodes business and the tax expense concerning the legal carve-out of PP in the prior year, and, potentially, by the proceeds of the sale of CFL/CE, depending on the exact timing of the closing.

A slight increase in sales is expected in the CFM business unit. Should the oil price continue to develop above prior year levels, this will have a positive impact on selling prices in the market segment textile fibers, since these are primarily determined by their raw material prices. This could positively impact sales expectations, but will most likely not alter earnings projections, since this is primarily a pass-through factor. EBIT of CFM will be marked by rising ramp-up costs for the Lightweight and Application Center as well as by higher depreciation following the conversion of the precursor line. Moreover, 2016 EBIT included a windfall effect from higher invoicing levels in the US materials business for the aerospace industry. Therefore, SGL Group expects EBIT in the CFM business unit to remain at the prior year level.

SGL Group also anticipates a slight sales increase in the GMS segment, driven by almost all market segments with the exception of chemicals, since the industry is still adversely impacted by its restrained investment activities. In contrast to the subdued market expectations for 2017, SGL Group plans a significant increase with customers from the solar industry. Strong growth in volume demand is also expected in the lithium-ion battery business. The higher capacity utilization in nearly all business activities, in combination with cost savings, is likely to lead to a significant increase in EBIT. As a result, it should be possible to approximately reach the target Return on Capital Employed based on EBITDA (ROCE) of 15 percent.

In October 2016, SGL Group signed a sale and purchase agreement to sell its graphite electrode business to the Japanese company Showa Denko, based on an enterprise value of 350 million euros. After deducting liabilities, SGL Group is expecting cash proceeds of at least 200 million euros. The closing is expected for mid-2017. To maximize the proceeds in the divestment process of the former business unit PP, SGL Group decided to separately sell the CFL/CE business, which is also part of the former business unit PP. The sales process for CFL/CE was continued in early 2017. Based on the feedback received from potential acquirers so far, SGL Group remains confident to sign a purchase agreement still in this fiscal year. Based on these assumptions, net financial debt at year-end 2017 should be significantly below the year-end 2016 level.

The report on the first quarter of 2017 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 million euros)

	Q1 2017	Q1 2016	Change
Sales revenue from continuing operations	**216.3**	187.5	15.4%
EBITDA before non-recurring charges	**22.0**	18.4	19.6%
Operating profit (EBIT) before non-recurring charges	**9.6**	6.4	50.0%
Return on sales (EBIT margin) [1]	**4.4 %**	3.4 %	+1%-point
Return on capital employed (ROCE $_{EBITDA}$) [2]	**8.6 %**	8.5 %	+0,1%-point
Operating profit (EBIT)	**9.0**	6.6	36.4%
Result from continuing operations	**-6.0**	-16.2	63.0%
Result from discontinued operations, net of income taxes	**6.5**	-9.8	>100%
Consolidated net result	**-0.3**	-26.4	98.9%
Earnings per share, basic and diluted (in €) continuing operations [3]	**-0.06**	-0.18	66.7%
Payments to purchase intangible assets and property, plant & equipment	**4.9**	4.2	16,7%
Free cash flow from continuing activities	**-31.5**	-48.1	34,5%

	Mar. 31, 2017	Dec. 31, 2016	Change
Total assets	**1,885.3**	1,899.2	-0.7%
Equity attributable to shareholders of the parent company	**338.8**	331.8	2.1%
Net financial debt (continuing and discontinued operations) [4]	**482.5**	449.4	7.4%
Debt ratio (Gearing) [5]	**1.42**	1.35	-
Equity ratio [6]	**18.0 %**	17.5 %	+0,5%-points
Employees [7]	**5,393**	5,384	0.2%

1) Ratio of EBIT before non-recurring charges to sales revenue
2) EBITDA before non-recurring charges for the last twelve months to average capital employed - continuing operations (total of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity and working capital)
3) Based on an average number of 122.3 million shares (previous year: 91.8 million shares)
4) Financial liabilities (nominal amounts) less liquidity
5) Net financial debt divided by equity attributable to the shareholders of the parent company
6) Equity attributable to shareholders of the parent company divided by total assets
7) Thereof employees PP: 1,431 (December 31, 2016: 1,442)

About the SGL Group – The Carbon Company

The SGL Group is a leading manufacturer worldwide of products and materials made from carbon. The extensive product portfolio ranges from carbon and graphite products, carbon fibers all the way through to composites. The SGL Group's core expertise comprises the control of high-temperature technologies as well as the deployment of many years' application and engineering know-how. This is used to exploit the company's wide materials base. These carbon-based materials combine a number of unique material properties such as very good conductivity of electricity and heat, resistance to heat and corrosion as well as lightweight construction coupled with high firmness. The level of demand for the SGL Group's high-performance materials and products is increasing due to the industrialization of the growth regions of Asia and Latin America and the ongoing substitution of traditional construction materials by new materials. The SGL Group's products are deployed in the automotive and chemicals industries as well as in the semiconductor, solar, LED industry segments and in the field of lithium-ion batteries. Carbon-based materials and products are also used in wind energy, aviation and space travel as well as in the defense industry.

With 33 production locations in Europe, North America and Asia as well as a service network in about 100 countries, the SGL Group is an enterprise with a global orientation. In the 2016 financial year, approx. 4,000 employees generated 769.8 million euros in sales revenue. Its Head Office is based in Wiesbaden / Germany.

Further particulars on the SGL Group can be found in the Newsroom of the SGL Group at www.sglgroup.com/press and at www.sglgroup.com.

Important note:
To the extent that our press release contains forward-looking statements, the latter are based on information that is available at present and on our current forecasts and assumptions. Forward-looking statements, by their very nature, entail known as well as unknown risks and uncertainties that may lead to actual developments and events differing substantially from the forward-looking assessments. Forward-looking statements must not be understood to be guarantees. Instead, future developments and events depend on a large number of factors; they comprise various risks and imponderables and are based on assumptions that may possibly turn out not to be appropriate. These include unforeseeable changes to fundamental political, economic, legal and societal conditions, particularly in the context of our main customers' industries, such as electric steelmaking, the competitive situation, interest and exchange rate trends, technological developments as well as other risks and uncertainties. We perceive additional risks e.g. in pricing developments, unforeseeable events in the environment of companies acquired and Group member companies as well as in current cost savings programs from time to time. The SGL Group assumes no obligation and does not intend to adjust or otherwise update these forward-looking statements either.

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