PRESS RELEASE

SGL GROUP THE CARBON COMPANY

SGL Group achieves targets for 2017 and sets new mid-term guidance

- Group sales increases significantly by 12% and consolidated EBIT before non-recurring items almost doubles from €20.7 million to €40.1 million
- Positive consolidated net result due to gain on the sale of the business with cathodes, furnace linings, and carbon electrodes (CFL/CE)
- Dr. Jürgen Köhler, CEO of SGL Group: “We have largely completed our strategic realignment and, as promised, strengthened our capital structure”
- Composites – Fibers & Materials (CFM): further rise in EBIT before non-recurring items attributable to increased capacity utilization and operational improvements
- Graphite Materials & Systems (GMS): double-digit growth rates in nearly all market segments, particularly dynamic growth in lithium-ion battery business
- Outlook for 2018: Group sales to increase by approximately 10%, Group EBIT (before non-recurring items) should slightly outpace sales growth, consolidated net result from continuing operations to reach a black zero
- Confirmation of Group sales target of €1.1 billion with ROCE of 15% (based on EBITDA) by 2020
- New mid-term guidance for 2022: consolidated sales revenue of €1.3 billion and consolidated EBIT margin of at least 10%, with positive net profit and free cash flow

Wiesbaden, March 14, 2018. In 2017, SGL Group increased its sales revenue by around 12% and significantly improved its earnings. The Company therefore more than achieved its financial targets for the fiscal year. Consolidated EBIT from continuing operations before non-recurring items rose sharply to €40.1 million (2016: €20.7 million). This positive development was attributable to both business units, but above all GMS. Moreover, completion of the sale of the former Performance Products (PP) business unit significantly improved the balance sheet structure. With this divestment, the acquisition of all the shares in the joint venture Benteler-SGL, and the gradual takeover of the shares in the joint venture SGL Automotive Carbon Fibers (SGL ACF), the strategic realignment is now almost completed. For 2018, the SDAX company is forecasting a sales growth of approximately 10%. Group EBIT should slightly outpace sales growth and consolidated net result from continuing operations should improve further to reach a black zero.

“The new SGL is well positioned for the future,” says Dr. Jürgen Köhler, CEO of SGL Group. “We have largely completed our strategic realignment and, as promised, strengthened our capital structure. From now on, we will focus on the growth potentials in our market segments that

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determine the future: mobility, energy and digitization. We have set ourselves new mid-term targets for 2022 and will benefit from our strong position as a solution provider along the entire value chain in our two business units."

SGL Group's sales from continuing operations in the fiscal year 2017 rose by 11.7% to €860.1 million (2016: €769.8 million). Thus, it was above the expected growth target of around 10%. Consolidated EBIT from continuing operations after non-recurring items improved more than proportionately from €23.7 million to €49.0 million. As a result, return on capital employed (ROCE, based on EBITDA before non-recurring items) increased from 8.4% in 2016 to 10.5%. The financial result was adversely affected by an early redemption fee for the corporate bond repaid on October 30, 2017 and amounted to minus €56.8 million (2016: minus €50.9 million). The result from continuing operations before taxes improved to minus €7.8 million (2016: minus €27.2 million); after taxes and non-controlling interest, it was minus €16.2 million (2016: minus €36.0 million), which was slightly better than forecast.

Composites – Fibers & Materials: EBIT before non-recurring items further improved

Sales in the business unit CFM rose by 5% to €331.9 million in fiscal year 2017 (2016: €317.4 million). The increase in sales revenue was mainly driven by the industrial applications market segment, followed by the automotive and textile fibers market segments. EBIT before non-recurring items also increased slightly to reach €22.7 million (2016: €20.1 million). This was due, in particular, to better capacity utilization in the carbon fiber plant in Muir of Ord (Scotland) on the back of stronger demand in the market segment industrial applications, operational improvements at Benteler-SGL, and better earnings in the aerospace segment. The EBIT margin was 6.8% (2016: 6.3%).

Small positive one-off-effects resulted from various transactions. On November 8, 2017, SGL Group announced to acquire the remaining 50% of the shares in the joint venture Benteler-SGL. The shares were fully consolidated as of December 31, 2017 and led to a reversal of an impairment loss. Moreover, SGL Group agreed in December 2017 to sell its 51% stake in the joint venture SGL Kümpers to its co-shareholders. The transaction was completed in January 2018, and a reversal of impairment to the disposal price was recognized in 2017. The reversal of impairments slightly more than offset the negative impact on earnings of the cumulative exchange differences arising from the completion of the sale of the Evanston site (USA) in the second quarter of 2017. Overall, EBIT after non-recurring items reached to €23.1 million (2016: €31.8 million). The prior-year figure had been particularly influenced by the reversal of an impairment loss in connection with the signing of the agreement to sell the Evanston site.

Graphite Materials & Systems: dynamic growth of lithium-ion batteries business

In the business unit GMS, sales rose by a substantial 15% to €510.2 million (2017: €444.1 million). Nearly all market segments achieved double-digit growth rates. The business with graphite anode material for the lithium-ion battery industry particularly stood out, with sales climbing by 35%. The market segments solar and chemicals achieved single-digit percentage sales increases. EBIT before non-recurring items rose at the exceptionally strong rate of 72% to reach €47.8

million (2016: €27.8 million). As a result, the EBIT margin of 9.4% significantly exceeded the prior-year's level of 6.3%. EBIT after non-recurring items amounted to €50.1 million (2016: €26.2 million).

Corporate: slight year-on-year decrease in earnings due to impact of positive non-recurring item in 2016

In the reporting segment Corporate, EBIT before non-recurring items declined to minus €30.4 million compared with minus €27.2 million in 2016. The prior-year figure had been affected by a positive one-off effect from a land sale. Adjusted for this effect, EBIT before non-recurring items was at the previous year's level as expected. After non-recurring items, EBIT improved to minus €24.2 million (2016: minus €34.3 million). The decision not to sell the Gardena site (USA) in view of the good order book led to a positive earnings effect of €3.6 million.

Discontinued operations: gain on the disposal of CFL/CE

Discontinued operations include the former business unit Performance Products (PP), comprising business with graphite electrodes (GE) and business with cathodes, furnace linings, and carbon electrodes (CFL/CE). The sale of the GE business to Showa Denko was completed on October 2, 2017 and the sale of the CFL/CE business to Triton on November 2, 2017. The completion of these two transactions marked the complete divestment of the former PP business unit.

The result from discontinued operations was primarily influenced by the gain on the sale of the CFL/CE business of €125 million and a gain on the disposal of the GE business of €3 million. The operating result from discontinued operations before taxes includes the income and expenses of the business unit PP (discontinued operations) and amounted to a profit of €34.1 million (2016: minus €31.3 million). This was mainly due to the good business performance of CFL/CE. Furthermore, PP's result in 2016 was affected by an impairment loss of the GE business and a tax expense in connection with the legal separation. Overall, the result from discontinued operations after taxes rose to €155.1 million (2016: minus €75.7 million).

Including continuing operations, SGL Group's consolidated net result came to €138.9 million in 2017 (2016: minus €111.7 million).

Significantly improved financial positions

As of December 31, 2017, total assets amounted to €1,541.7 million (December 31, 2016: €1,899.2 million), a year-on-year decrease of around 19%. At the same time, key balance sheet ratios improved significantly as a result of the disposal of PP. With the proceeds from the sale of the GE business and the proceeds from the December 2016 capital increase, SGL Group has redeemed early the corporate bond of €250 million on October 30, 2017. As forecasted, net financial debt was significantly reduced to €139.0 million at the end of 2017 (December 31, 2016: €449.4 million). Equity increased to €457.0 million (December 31, 2016: €331.8 million), mainly due to the consolidated net result of €138.9 million, which itself was driven primarily by the gain on the disposal of CFL/CE. Consequently, the equity ratio improved to 29.6% (December 31, 2016: 17.5%) and was very close to our target for the equity ratio of at least 30%.

Free cash flow from continuing operations declined to minus €144.7 million (2016: minus €48.1 million). This development was mainly due to changes in working capital, capital expenditure on the expansion of manufacturing capacity in GMS for the production of anode materials, and the acquisition of the 50% stake in Benteler-SGL. Free cash flow from discontinued operations rose to €458.7 million (2016: minus €32.9 million). This was primarily due to the purchase price received for PP in the fourth quarter of 2017. Including discontinued operations, SGL Group's free cash flow improved to €314.0 million (2016: minus €81.0 million).

Introduction of SGL Operations Management System

In September 2016, the company launched the CORE project (COrporate REstructuring) in order to adapt its administrative structures and costs to the size of the new SGL. The target is to reduce costs sustainably by around €25 million (compared with 2015) by the end of 2018. As at the end of 2017, the company achieved more than 75% of this target. It was also decided last year to introduce a uniform and standardized management system for the production across all sites and businesses. The aim of the SGL Operations Management System (OMS) is to streamline processes, increase efficiency, and ensure highest product quality. By 2020, uniform standards and KPIs will have been implemented at all sites.

"The new SGL is leaner, has a stronger capital structure, and is more customer-focused," says Dr. Michael Majerus, CFO of SGL Group. "We are maintaining our target of increasing our revenues to approximately €1.1 billion by 2020, with a ROCE target (based on EBITDA) of at least 15%. By 2022, we want to achieve revenues of around €1.3 billion, with an EBIT margin in each business unit of at least 12%."

Developments after the balance sheet date

The proceeds from the sale of the CFL/CE business were used to redeem the convertible bond, which had an initial value of €240 million, at maturity on January 25, 2018. Furthermore, SGL Group signed an agreement on November 24, 2017 to acquire BMW Group's 49% stake in SGL ACF. After the deal has been completed, SGL Group will be the sole owner. The agreement between SGL Group and BMW Group provides for the acquisition of the two SGL ACF companies in stages. In the first step, SGL Automotive Carbon Fibers GmbH & Co. KG (Wackersdorf, Germany) was transferred to SGL Group. This first transaction was completed on January 11, 2018. The second step will involve SGL Automotive Carbon Fibers LLC (Moses Lake, USA) being transferred to SGL Group, with this transaction expected to be completed by the end of 2020 at the latest.

Outlook for 2018

SGL Group anticipates consolidated sales revenue to increase by approximately 10% in 2018, which, adjusted for structural and currency changes, corresponds to growth in the mid-to-high-single-digit percentage range. Group EBIT (before non-recurring items and purchase price allocations) should slightly outpace sales growth, driven by the positive effects of a noticeable increase in volume demand, the additional contribution to earnings resulting from the full consolidation of the former joint venture SGL ACF, and cost savings, partially offset by higher personnel expenses and raw material prices as well as less favorable exchange rates compared to the previous year. Following the loss of €16 million in 2017, the consolidated net result from continuing operations should improve further in 2018 to reach a black zero. This is due to the improved EBIT and also, in particular, to the lower interest expense as a result of the early redemption of the corporate bond on October 30, 2017 and the repayment of a convertible bond at maturity on January 25, 2018.

Sales in the business unit **CFM** is expected to rise by approximately 25% as a result of the acquisitions. Adjusted for currency and structural changes, this corresponds to growth in the mid-to-high single-digit range. Sales with the automotive industry should more than double, primarily due to the full consolidation of the former joint ventures with Benteler (Benteler-SGL) and BMW (SGL ACF). However, sales from the wind energy industry should decrease by about one quarter, owing to the deconsolidation of the former joint venture with Kümpers. EBIT in this business unit is expected to improve noticeably due to the additional contribution to earnings resulting from the full consolidation of the former joint venture SGL ACF and increasing volume demand. These will be partially offset by negative currency effects and higher development costs.

In the **GMS** business unit SGL Group anticipates sales to increase slightly, which corresponds to mid-to-high single-digit growth when adjusted for currency effects. Significant sales growth is expected for the LED, solar, and automotive & transport market segments. The lithium-ion battery business is also expected to see renewed strong volume growth. EBIT should increase slightly, as it is expected that positive volume effects will in part be offset by negative currency trends. Nevertheless, it should be possible for this business unit to once again attain the high ROCE (ratio of EBITDA to capital employed) level of 18.0% that was reached in 2017.

New mid-term targets for 2022

With the strategic realignment almost completed, SGL Group has extended its existing guidance and set itself new mid-term targets. By 2022, the Company wants its consolidated sales revenue to increase to approx. €1.3 billion and its ROCE (EBIT before non-recurring items divided by average capital employed) to at least 11%. This means consolidated sales revenue would rise by an average of around 8.5% per year between 2017 and 2022. The consolidated EBIT margin is to be at least 10% in 2022, with each business unit generating an EBIT margin of at least 12%. The consolidated net margin should be around 6 - 7%, while free cash flow should amount to around 5% of sales revenue. The key balance sheet ratios already achieved – equity ratio of at least 30%, leverage ratio of no more than 2.5, and gearing (ratio of net financial debt to equity) of a maximum of 0.5 – are to be maintained over the entire mid-term period. The previous mid-term targets up to 2020 – sales revenue of around €1.1 billion and ROCE (ratio of EBITDA before non-recurring items divided by average capital employed) of 15%, which translates into EBIT-based ROCE of around 9% – continue to apply.

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Key figures of SGL Group

(in million euros)

	2017	2016	Change
Sales revenue from continuing operations	**860.1**	769.8	11.7%
EBITDA before non-recurring charges	**90.7**	69.9	29.8%
Operating profit (EBIT) before non-recurring charges	**40.1**	20.7	93.7%
Return on sales (EBIT margin)[1)]	**4.7%**	2.7%	+2.0%-points
Return on capital employed ($ROCE_{EBITDA}$)	**10.5%**	8.4%	+2.1%-points
Operating profit (EBIT)	**49.0**	23.7	>100%
Result from continuing operations	**-16.2**	-36.0	55.0 %
Result from discontinued operations	**155.1**	-75.7	>100%
Consolidated net result	**138.9**	-111.7	>100%
Earnings per share, basic and diluted (in €) continuing operations[2)]	**-0.13**	-0.38	65.8%
Capital expenditures in intangible assets and property, plant & equipment	**-52.9**	-34.6	-52.9%
Free Cashflow	**-144.7**	-48.1	> -100%

	Dec. 31, 2017	Dec. 31, 2016	Change
Total assets	**1,541.7**	1,899.2	-18.8%
Equity attributable to shareholders of the parent company	**457.0**	331.8	37.7%
Net financial debt (continued and discontinued operations)	**139.0**	449.4	-69.1%
Debt ratio (Gearing)[3)]	**0.30**	1.35	-
Equity ratio[4)]	**29.6%**	17.5%	-
Employees[5)]	**4,193**	5,384	-22.1%

1) Non-recurring EBIT in relation to sales revenue
2) Based on an average number of 122.3 million shares
3) Net financial debt divided by equity attributable to the shareholders of the parent company
4) Equity attributable to shareholders of the parent company divided by total assets
5) Thereof employees of the former PP business unit: 0 (previous year: 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 32 production locations in Europe, North America and Asia as well as a service network in over 100 countries, the SGL Group is an enterprise with a global orientation. In the 2017 financial year, approx. 4,200 employees generated 860.1 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, 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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