PRESS RELEASE

SGL GROUP
THE CARBON COMPANY

SGL Group continues with realignment after successful capital increase

Business development during the first nine months 2014:

- Group sales at €988 million 10 % below prior year due to price pressure in graphite electrodes
- Recurring EBIT at €3.0 million
- SGL2015 savings reached €61.2 million in reporting period – savings target increased to more than €200 million until the end of 2015
- Successful capital increase creates foundation for accelerated restructuring of the Group; significant improvements in key balance sheet metrics
- Further streamlining of organization to three Business Units
- Outlook for full year 2014 confirmed

Wiesbaden, November 6, 2014. SGL Group – The Carbon Company – continues with the realignment of the Group after nine months of the financial year 2014. With the capital increase successfully completed in October, the financial situation and key balance sheet metrics were improved. Taking into account the Company's proceeds from the transaction, which are not yet included in the nine-month figures, the equity ratio increased to 33.6%. Net financial debt was significantly reduced to €366.7 million while gearing improved to 0.47. Cost savings from the Group-wide cost savings program SGL2015 totaled €61.2 million and exceeded original expectations after nine months. Total cost savings since the start of the program amounted to more than €130 million. The Company has already increased the overall SGL2015 savings target to more than €200 million until the end of 2015 compared to the original target of €150 million. An additional Group-wide optimization will result from the already announced further streamlining of the organization, merging the current five business units into three business units as of January 1, 2015.

The financial figures for the first nine months of fiscal year 2014 continue to be impacted by the difficult business environment, mainly in the field of graphite electrodes. The sales decline in the Performance Products segment, which could only partially be offset by the positive sales development in Graphite Specialties and Carbon Fibers & Materials, resulted in a decline in Group sales by 10% to €987,5 million (9M/2013: €1,096.2 million). Recurring Group EBIT amounted to €3.0 million (9M/2013: €35.4 million). The EBIT margin decreased from 3.2% to 0.3%. Non-recurring charges in the first nine months 2014 totaled €24.4 million (9M/2013: €69.8 million) and relate to restructuring expenses in conjunction with SGL2015. Accordingly, Group EBIT after non-recurring charges amounted to minus €21.4 million (9M/2013: minus €34.4 million).

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Dr. Jürgen Köhler, CEO of SGL Group: “The capital increase which was successfully completed in October 2014 provides the basis for the accelerated strategic realignment of SGL Group. In particular, the implementation of the measures defined under our SGL2015 initiative is well under way. We were able to increase our overall savings target to more than €200 million. In parallel, we are now focusing more on portfolio optimization. Our goal is to return to a path of sustainable and profitable growth in the mid- to long-term.”

The net financing result improved in the first nine months 2014 to minus €31.9 million (9M/2013: minus €38.4 million). The result from continuing operations before taxes improved to minus €56.7 million, after minus €80.9 million in the comparable prior-year period. Subtracting income taxes, non-controlling interests and discontinued operations the consolidated net result of minus €91.5 million (9M/2013: minus €197.2 million) improved by more than half.

Positive effects from capital increase not yet included in nine-month figures

Total assets as of September 30, 2014 slightly increased to €2,066.1 million (December 31, 2013: €2,059.1 million). Equity attributable to the shareholders of the parent company reached €519.7 million (December 31, 2013: €607.7 million). The decline was mainly due to the negative Group result and the adjustment of discount rates for pension provision calculations, and partially offset by currency translation effects. Accordingly the equity ratio declined from 30% to 25%. As of September 30, 2014, net financial debt increased to €628.1 million (December 31, 2013: €491.1 million), including the proportional consolidation of SGL ACF. The main reason for this development was the reduction of liquidity from €235.1 million to €139.7 million, primarily resulting from the cash outflow in the context of SGL2015, investments and the build-up of working capital. Therefore, free cash flow deteriorated to minus €99.5 million (9M/2013: plus €10.2 million) at the end of the reporting period.

The balance sheet as of September 30, 2014 does not include the effects from the capital increase, which was executed in October 2014. Taking this effect into account, total assets would have been €261.4 million higher, amounting to €2,327.5 million, and the equity ratio would have increased to 33.6%. Total liquidity would have been increased by €261.4 million, reducing net financial debt as of September 30, 2014 significantly to €366.7 million. Gearing would have improved to 0.47.

Segment Reporting

Performance Products (PP): Slight result recovery in Q3

The Chinese export oriented steel overproduction continues to negatively impact electric steel production, resulting in reduced demand and lower prices for graphite electrodes in the reporting period. However, certain regions showed a slight recovery in the course of the year. Nevertheless, the reporting segment Performance Products posted a sales decline of 28% to €428.8 million (9M/2013: €595.9 million) in the first nine months of 2014. Mainly due to price pressure in graphite electrodes as well as cathodes, recurring EBIT declined to €16.2 million (9M/2013: €63.8 million) in the reporting period, with the result showing a slight improvement in the third quarter 2014 compared to the first half of the year, due to the slightly higher sales development and cost savings. The EBIT margin amounted to 3.8% (9M/2013: 10.7%). Savings from SGL2015 amounted to €37.8 million in the first nine months 2014, of which €9.9 million are attributable to the SGL Excellence initiative.

After the graphite electrode facility in Lachute, Canada, was closed down in context of the SGL2015 program at the end of the first quarter 2014, the production at the facility in Narni, Italy, has now been discontinued. In total, SGL Group has reduced its graphite electrode production capacity by 60,000 tons p.a. Expenses related to the closures of Lachute and Narni were for the most part already recorded in the annual financial statements 2013. Restructuring expenses of €6.5 million (9M/2013: €24.9 million) were recorded in the reporting segment PP in the reporting period, relating mainly to the facility closures. Accordingly, EBIT after non-recurring charges amounted to €9.7 million in the first nine months 2014 (9M/2013: €38.9 million).

Graphite Specialties (GS): EBIT doubles to €29.1 million after nine months

Sales in the reporting segment Graphite Specialties increased by 19% to €265.3 million after nine months (9M/2013: €222.4 million), mainly driven by a big ticket order as well as by the continued high demand for anode materials from the lithium ion battery industry. Most other customer industries are showing stabilization or even a small recovery in the order intake. The significantly higher utilization of our production capacities led to a substantial improvement in the result of the reporting segment Graphite Specialties, particularly in the first half of 2014. Accordingly, recurring EBIT doubled in the first nine months 2014 to €29.1 million (9M/2013: €14.6 million), resulting in an EBIT margin of 11.0% (9M/2013: 6.6%). Cost savings from SGL2015 amounted to €11.5 million in the reporting period, of which €6.3 million were attributable to our SGL Excellence initiative. In the first nine months 2014, restructuring expenses related to SGL2015 amounting to €0.4 million were recorded in the reporting segment GS. Accordingly, EBIT after non-recurring charges reached €28.7 million (9M/2013: €14.6 million).

Carbon Fibers & Materials (CFM): Significant increase in sales from joint ventures with BMW

Sales in the reporting segment Carbon Fibers & Materials increased by 17% in the first nine months 2014 to €213.5 million (9M/2013: €183.2 million) mainly due to markedly higher sales of the proportionally consolidated joint arrangements with BMW Group, which benefited from the market introduction of the new BMW i3 in November 2013. Increased demand from the wind energy industry had a positive impact on the Business Unit Carbon Fibers & Composite Materials (CF/CM), particularly in the first half of the year. Recurring EBIT improved to minus €18.1 million (9M/2013: minus €21.1 million). The continued unsatisfactory price level for carbon fibers and the insufficient capacity utilization impacted the earnings situation in the Business Unit CF/CM. However, the operating loss in this Business Unit has nearly halved thanks to the improved volume demand. This development was partially offset by the expected higher start-up losses in the joint arrangements with BMW as a result of the accelerated expansion. Cost savings from SGL2015 amounted to €2.2 million in the first nine months, of which €1.5 million were attributable to the SGL Excellence initiative. In the reporting period, restructuring expenses relating to SGL2015 amounted to €0.4 million in the reporting segment CFM. Accordingly, EBIT after non-recurring charges reached minus €18.5 million (9M/2013: minus €62.7 million).

Sales of investments accounted for at equity increased by 60% to €157.1 million (9M/2013: €98.2 million, 100% values for companies). These are not included in the consolidated Group sales figure. This improvement is mainly due to Brembo SGL and Benteler-SGL, which both continued to benefit from a substantially increased demand.

Corporate & Others (C & O): Cost savings from SGL2015 increased significantly

As a further measure to optimize the portfolio and focus on SGL's core competencies within the scope of SGL2015, SGL Group reclassified the Business Unit Aerostructures (Hitco) as a discontinued operation as of June 30, 2014. Accordingly, the figures for C & O have been adjusted. Driven by the lower sales contribution from the Business Unit Process Technology (PT), which benefited from the execution of a big ticket order in the prior-year period, sales in the first nine months 2014 decreased to €79.9 million (9M/2013: €94.7 million). The recurring EBIT declined to minus €24.2 million (9M/2013: minus €21.9 million). Savings amounted to €9.7 million within the framework of SGL2015 (of which €1.6 million were attributable to the SGL Excellence initiative). These were mainly relating to savings from implemented personnel measures as well as lower travel and consultancy costs and cost savings in the Business Unit PT. Non-recurring charges totaling €17.1 million in the reporting period (9M/2013: €3.3 million) including, amongst others, expenses relating to personnel changes in our Board of Management, resulted in an EBIT decline after non-recurring charges of minus €41.3 million (9M/2013: minus €25.2 million €).

Outlook for full year 2014 confirmed

After nine months 2014, SGL Group confirms its guidance for the full year 2014, as published in March. Adjusted for the reclassification of the Business Unit Aerostructures as a discontinued operation, Group sales are expected on a comparable basis to decrease year-on-year in a similar magnitude as after nine months 2014. Mainly due to the graphite electrode price development, the comparable recurring Group EBIT is expected to be down significantly compared to 2013. While EBIT in the final quarter of this year is expected to deteriorate compared to the third quarter, it is anticipated to remain significantly above the fourth quarter of 2013. The major portion of restructuring expenses relating to the cost savings program SGL2015 was recorded in the annual financial statements 2013. Due to the increased savings target restructuring expenses in 2014 are now expected to amount to a mid double-digit million € figure.

SGL2015 savings target increased to more than €200 million

SGL Group already achieved €69 million of cost savings in 2013 with SGL2015. After reaching €61.2 million savings already in the first nine months of 2014, the Company now expects savings in a slightly higher magnitude this year compared to last year. With the publication of the strategic realignment on September 29, 2014, the Company increased the overall SGL2015 savings target to more than €200 million until the end of 2015, compared to the original target of €150 million. An additional Group-wide optimization will result from the previously announced further streamlining of the organization by merging the current five business units to three business units as of January 1, 2015.

After a considerable positive free cash flow in 2013, SGL Group still anticipates a significantly negative free cash flow in 2014, mainly due to the cash outflow of implemented restructuring measures as well as high investments in the joint arrangements with BMW Group. Compared to last year, the planned capital expenditure requirements for the established businesses are significantly lower in 2014. In spite of the negative free cash flow, net debt at year end 2014 will be substantially below year end 2013 thanks to the proceeds of the capital increase executed in October 2014.

The nine month report and 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)

	9 months 2014	9 months 2013	Change
Sales revenue	**987.5**	1,096.2	-9.9 %
EBITDA before non-recurring charges	**63.1**	94.2	-33.0 %
Operating profit (EBIT) before non-recurring charges	**3.0**	35.4	-91.5 %
Return on sales (EBIT margin) 1)	**0.3 %**	3.2 %	-
EBIT	**-21.4**	-34.4	37.8 %
Result from continuing operations	**-65.6**	-155.8	57.9 %
Earnings per share, basic and diluted (in €) for continuing operations	**-0.94**	-2.21	57.5 %
Capital expenditures in intangible assets and property, plant and equipment (excl. SGL ACF)	**39.5**	56.2	-29.7 %
Capital expenditures in intangible assets and property, plant and equipment (SGL ACF)	**54.2**	14.7	>100 %
Free cash flow	**-99.5**	10.2	-

	Sep 30, 2014	Dec 31, 2013	Change
Total assets	**2,066.1**	2,059.1	0.3 %
Equity attributable to the shareholders of the parent company	**519.7**	607.7	-14.5 %
Net financial debt	**628.1**	491.1	27.9 %
Debt ratio (Gearing)2)	**1.21**	0.81	-
Debt ratio (Gearing)2), after capital increase	**0.47**	-	-
Equity ratio3)	**25.2 %**	29.5 %	-
Equity ratio3), after capital increase	**33.6 %**	-	-
Employees4)	**6,348**	6,387	-0.6 %

1) Ratio of EBIT before non-recurring charges to sales revenue
2) Net financial debt divided by shareholders‘ equity
3) Equity attributable to the shareholders of the parent company divided by total assets
4) Compared to the year end 2012 (6,686 employees) the number of SGL Group employees (excluding SGL ACF) decreased by 541, of which 339 relate to the sale of SGL Rotec and the remainder to the organizational and asset restructuring measures.

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 43 production sites in Europe, 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 2013, the Company's workforce of around 6,300 employees generated sales of €1,477 million. The Company's head office is located in Wiesbaden.

Further information on the SGL Group can be found online at: www.sglgroup.com

Important note:
This press release may contain forward-looking statements based on the information currently available to us and on our current projections and assumptions. By nature, forward-looking statements involve known and unknown risks and uncertainties, as a consequence of which actual developments and results can deviate significantly from these forward-looking statements. Forward-looking statements are not to be understood as guarantees. Rather, future developments and results depend on a number of factors; they entail various risks and unanticipated circumstances and are based on assumptions which may prove to be inaccurate. These risks and uncertainties include, for example, unforeseeable changes in political, economic, legal, and business conditions, particularly relating to our main customer industries, such as electric steel production, to the competitive environment, to interest rate and exchange rate fluctuations, to technological developments, and to other risks and unanticipated circumstances. Other risks that in our opinion may arise include price developments, unexpected developments connected with acquisitions and subsidiaries, and unforeseen risks associated with ongoing cost savings programs. SGL Group does not intend or assume any responsibility to revise or otherwise update these forward-looking statements.

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