

Press release

Wiesbaden, November 3, 2022

SGL Carbon successfully overcomes current challenges

- Positive business development in all four business units
- Sales increases by 14.8% to €853.9 million
- Adjusted EBITDA improves by 25.4% to €136.1 million
- Successful refinancing of the 2018 convertible bonds

After €270.9 million in Q1 2022 and €278.9 million in Q2, SGL Carbon increased its consolidated sales to €304.1 million in Q3 2022. After nine months, this corresponds to a significant sales growth of 14.8% to a total of €853.9 million (9M 2021: €743.5 million). The positive business development is also reflected in the company's adjusted EBITDA, which improved by 25.4% year-on-year to €136.1 million (9M 2021: €108.5 million). All four business units contributed to the operating success.

Sales development

With sales of €382.5 million in the first nine months of 2022, the largest business unit Graphite Solutions contributes 44.8% to total Group sales. Graphite Solutions was able to increase its sales by € 49.8 million or 15.0% in a nine-month comparison. The other three business units also contributed to sales growth in the first nine months: Carbon Fibers (+€24.3 million / +9.9%), Composite Solutions (+€18.9 million / +20.5%) and Process Technology (+€14.9 million / +24.0%).

In particular, higher than expected customer demand from the semiconductor industry as well as a significant recovery in the industrial applications market segment were the main reasons for the increase in sales. Sales in the Process Technology business unit also developed positively, mainly with customers from the chemical industry.

Earnings development

After nine months in 2022, adjusted EBITDA rose disproportionately to sales to €136.1 million, an increase of 25.4% compared to the same period last year. The basis for the good earnings development was the maintenance of production capacity at all locations despite significantly increased energy and raw material prices as well as temporarily unstable supply chains. This enabled us to serve higher-than-expected customer demand and to further increase capacity utilisation. The strong increase in manufacturing costs could be passed on to our customers to a large extent. The already implemented cost savings from the transformation program also

had a supporting effect.

The development described is particularly evident in Q3 2022. Despite the expiry of a high-margin contract with a major car manufacturer, adjusted EBITDA of €48.2 million was generated in Q3 2022. This represents an increase of 31.0% compared to the same period of the previous year (Q3 2021: €36.8 million).

At almost constant depreciation and amortisation of €43.9 million (9M 2021: €42.9 million) as well as one-off effects and non-recurring items of €7.8 million (9M 2021: €6.2 million), EBIT amounts to €100.0 million. This corresponds to an improvement of 39.3 % compared to the same period of the previous year (9M 2021: €71.8 million).

Balance sheet - Highlights

In September 2022, SGL Carbon successfully placed new convertible bonds in the amount of €101.9 million with a maturity in 2027. The proceeds were partly used to redeem the existing convertible bonds from 2018 with a volume of €159.3 million (outstanding volume as of 30 June 2022: €126.3 million). This, as well as the decrease in pension provisions due to significantly higher interest rates, led to a reduction in non-current liabilities by €169.5 million to €572.8 million.

Inventories increased by 27.6% to €349.5 million as of 30 September 2022 (31 Dec. 2021: €273.8 million) due to a systematic inventory build-up of critical raw materials and intermediate products.

Equity attributable to shareholders increased by 51.5% year-on-year in the first nine months to €562.9 million (31 Dec. 2021: €371.5 million). This corresponds to an improvement of the equity ratio by 10.9 percentage points to 37.9% as of 30 September 2022.

Outlook

Due to the positive business development, the management increased the forecast for the full year on 6 September 2022. For the financial year 2022, Group sales of approx. €1.2 billion (previously: approx. €1.1 billion) and adjusted EBITDA of €170 to 190 million (previously: €130 to 150 million) are expected.

Consequently, an adjusted EBIT of €110 to 130 million (previously: €70 to 90 million) is forecasted. The expectations for return on capital employed (ROCE) of originally 7% to 9% are raised to 10% to 12% in line with the development of earnings. The estimate for free cash flow (significantly below the previous year's level of €111.5 million) remains unchanged.

"SGL Carbon is active in many future-oriented markets. We see growth opportunities in the semiconductor industry and here in particular in the area of silicon carbide-based high-performance chips, such as those needed for electric vehicles and the charging infrastructure. There is further potential in renewable energy and electromobility markets. Following its transformation, SGL Carbon is much more resiliently positioned to master the challenges ahead," says Dr. Torsten Derr, CEO of SGL Carbon SE.

Further details on the business development in the third quarter and in the first nine months of 2022 can be found in the current quarterly statement.

Key figures for the first nine months in 2022

in € million	9M 2022	9M 2021	Change	Change in %
Group sales	853.9	743.5	110.4	14.8%
Graphite Solutions	382.5	332.7	49.8	15.0%
Process Technology	77.0	62.1	14.9	24.0%
Carbon Fibers	269.0	244.7	24.3	9.9%
Composite Solutions	111.0	92.1	17.9	20.5%
Corporate	14.4	11.9	2.5	21.0%
EBITDApre*	136.1	108.5	27.6	25.4%
Graphite Solutions	84.0	67.5	16.5	24.4%
Process Technology	7.5	1.4	6.1	>100%
Carbon Fibers	42.7	43.8	-1.1	-2.5%
Composite Solutions	14.8	9.1	5.7	62.6%
Corporate	-12.9	-13.3	-0.4	-3.0%
EBITDApre margin* (in %)	15.9%	14.6%		+1.3%-pts
Net result (attributable to shareholders of the parent company)	70.6	42.6	28.0	65.7%
Free cash flow	22.7	122.5	-99.8	-81.5%
	Sept. 30, 2022	Dec. 31, 2021	Change	Change in %
Equity ratio (in %)	37.9%	27.0%		+10.9%-pts
Net financial debt (in € million)	209.8	206.3	6.6	1.7%
ROCE (EBITpre) (in %)	10.3%	8.0%		+2.3%-pts

* EBITDApre (adjusted EBITDA): Earnings before interest, taxes, depreciation and amortization adjusted for one-time effects and special items.

About SGL Carbon

SGL Carbon is a technology-based company and world leader in the development and production of carbon-based solutions. Its high-quality materials and products made from specialty graphite, carbon fibers and composites are used in industrial sectors that determine the future: automotive, aerospace, solar and wind energy, semiconductors, and LEDs as well as in the production of lithium-ion batteries, fuel cell and other energy storage systems. In addition, SGL Carbon develops solutions for chemical and industrial applications. Further developments in these areas demand more intelligent, more efficient, networked and sustainable solutions. This is where the entrepreneurial vision of SGL Carbon evolves around: contributing to a smarter world.

In 2021, SGL Carbon SE generated sales of approx. 1 billion euros. The company has approx. 4,700 employees at 31 locations in Europe, North America, and Asia.

Further information on SGL Carbon can be found at www.sglcarbon.com/press.

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 Carbon assumes no obligation and does not intend to adjust or otherwise update these forward-looking statements either.

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