

SGL Group defines further strategic milestones for long-term profitable growth

- Business units to be adapted to different market requirements
- Growth initiative for Graphite Materials & Systems and Carbon Fibers & Materials: Organic sales growth of 50% until 2020 plus potential selective accretive bolt-on acquisitions
- Performance Products to become a separate legal entity: Adaptation of business model and flexibility for strategic options

Wiesbaden, July 7, 2015. The Board of Management and the Supervisory Board of SGL Group – The Carbon Company – today defined further strategic milestones to secure long-term profitable growth. Firstly, an extensive growth initiative has been decided for the business units Graphite Materials & Systems (GMS) and Carbon Fibers & Materials (CFM) targeted to organically increase sales by approx. 50 % until 2020 compared with 2014. In addition, selective accretive bolt-on acquisitions are planned to complement SGL Group’s portfolio in terms of technology and market positions. Secondly, the business unit Performance Products (PP) will become a separate legal entity within SGL Group. This measure will enable the unit to optimally adapt its business model to the changed market fundamentals especially in graphite electrodes. In addition, this step allows greater flexibility for various strategic options.

Today’s decisions represent a further development of SGL Group’s strategy which started in fall 2013 with the group-wide cost savings program SGL2015 and continued in September 2014 with the announcement of the key strategic cornerstones. The main financial target is and remains to improve the return on capital employed (ROCE, on EBITDA basis) in the Group as well as in the business units to at least 15% in the medium term.

“With the growth initiative for GMS and CFM and the organization of PP in a separate legal entity, we are now making another important strategic step as part of the realignment of SGL Group. The new structure enables us to further adapt our business models towards both, the challenges and the manifold growth opportunities in the respective business units, and opens up new strategic options for the business unit PP,” said Jürgen Köhler, CEO of SGL Group.

Growth initiative for GMS and CFM: Dynamic sales growth targeted until 2020

The business units GMS and CFM are already characterized by dynamic market and product development opportunities with above-average growth potential. With its innovative carbon and graphite-based products, SGL Group acts as an “enabler” for production processes and products that are driven by global megatrends such as mobility, digitalization, energy efficiency and urbanization. We offer our customers tailor-made applications across the entire

material-related value chain. Examples in GMS include graphite-based anode materials for lithium-ion batteries or, in CFM, carbon fiber-based composite materials for applications such as automotive lightweight construction.

In 2014, GMS and CFM posted combined sales of €737 million and an EBIT before non-recurring charges of €17 million. While GMS has historically already reached the profitability targets, CFM is set to complete the turnaround this year. Through accelerated organic growth, the market position of both business units will be enhanced along the value chain, while simultaneously processes and cost will be further optimized. Combined sales are targeted to grow organically by roughly 50% until 2020, while meeting the minimum ROCE target of 15%. In addition, selective accretive bolt-on acquisitions are planned to complement SGL Group's portfolio in terms of technology and market positions.

PP to become a separate legal entity: Adaptation of business model and flexibility for strategic options

The business model of PP will be adapted towards standardized products for cyclical markets that show rather long-term growth potential. This is in response to the changed market conditions particularly for graphite electrodes. The corresponding measures are intended to ensure that the business unit remains competitive in the long term. At the same time, the separation enables the business unit to respond flexibly to strategic options that may arise in the industry. Thus, SGL Group could participate in possible future consolidation scenarios in the graphite electrode industry, if and when appropriate. The organization as a separate legal entity is set to be completed by the end of fiscal year 2016 at the latest. In the 2014 fiscal year, PP posted sales of €588 million and EBIT before non-recurring charges of €26 million. The business unit will continue to include graphite electrodes, cathodes, carbon electrodes and furnace linings.

Cost savings program SGL2015 largely completed, business processes optimization in full swing

Along with the enhancement of the Group strategy and the Company's portfolio, the strategic realignment of SGL Group also includes the cost savings program SGL2015 and a general review of its business processes. Savings of more than €240 million are targeted through SGL2015, of which €172 million had already been achieved by the end of the first quarter of 2015. SGL2015 is expected to be largely completed this year. For further optimization of business processes, an additional Group-wide program entitled "Business Process Excellence (BPX)" was launched at the beginning of this year, aiming at further simplifying and standardizing central processes and thus generating additional long-term improvements. In the first step, the program is currently focusing on purchasing, supply chain management, and sales.

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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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 42 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 2014, the Company's workforce of around 6,300 employees generated sales of €1,336 million. The Company's head office is located in Wiesbaden.

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.