PRESS RELEASE

SGL GROUP
THE CARBON COMPANY

Strategic realignment of SGL Group bears fruit

Report on the first half year 2015:

- Higher recurring EBIT of €15 million on stable sales of €655 million
- Agreement on the sale of the aerostructures business of HITCO leads to impairment
- Savings from SGL2015 reach €26 million in the reporting period and €183 million since the inception of the program
- Board of Management and Supervisory Board resolve accelerated growth strategy for the Business Units GMS and CFM as well as legal separation of the Business Unit PP within the SGL Group
- Outlook on Group earnings for full year 2015 confirmed

Wiesbaden, August 6, 2015. Measures executed in the course of the strategic realignment of SGL Group – The Carbon Company – within SGL2015 had a positive impact in the first half year 2015. Cost savings from SGL2015 amounted to €25.9 million after six months, of which €9.7 million were attributable to the SGL Excellence initiative. Accordingly, cumulative savings of €183 million were achieved since the launch of the program mid 2013. Due to the better results in the reporting segment Performance Products (PP) and breakeven at Carbon Fibers & Materials (CFM), Group recurring EBIT increased from €1.1 million in the previous year to €15.0 million. The EBIT margin improved from 0.2% to 2.3%. Group sales at €655.1 million (H1/2014: 655.2 Mio. €) remained on the same level as in the prior-year period (currency adjusted minus 7%) as the sales decline in the Business Unit GMS, where a project related big ticket order boosted the prior-year period, was offset by the positive sales development in the reporting segment CFM.

Dr. Jürgen Köhler, CEO of SGL Group: „Improvements in our operating activities provide evidence that our cost savings program SGL2015 is bearing fruit. To secure profitable growth for the SGL Group we announced in July an accelerated growth strategy for GMS and CFM as well as the legal separation of PP within the SGL Group. Additionally, the agreement on the sale of the aerostructures business of HITCO was an important further step in our portfolio optimization efforts."

Non-recurring charges relating to SGL2015 declined to €5.5 million as anticipated (H1/2014: €19.7 million). Accordingly, Group EBIT after non-recurring charges reached €9.5 million (H1/2014: minus €18.6 million). The net financing result decreased to minus €24.7 million (H1/2014: minus €17.5 million) due to a positive one-time effect in the first half year 2014. Therefore the result from continuing operations before taxes improved from minus €39.3 million to minus €15.2 million and after taxes from minus €48.6 million to minus €18.8 million.

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Agreement on the sale of the aerostructures business of HITCO

On July 20, 2015, SGL Group concluded an agreement with Avcorp Industries Inc. (Canada) on the sale of HITCO's aerostructures business. This includes all assets and liabilities of this operational business. HITCO's assets and liabilities as well as the related income and expenses are disclosed as discontinued operations in the reporting period. The terms of the agreement result in an overall negative sales price of USD47 million (including repayments of customer advance payments) and led to an impairment charge on HITCO's assets of €53.2 million in the reporting period. Including HITCO's ongoing operating losses, the total result from discontinued operations for the first half year 2015 amounts to minus €64.9 million (H1/14: minus €12.8 million).

Subtracting income taxes as well as non-controlling interests, the consolidated net result decreased accordingly to minus €85.0 million (H1/2014: €62.1 million).

Changes in balance sheet structure due to impacts from discontinued operations

Despite positive currency effects, total assets as of June 30, 2015 decreased to €2,067.2 million (December 31, 2014: €2,170.3 million). Shareholders' equity amounted to €500.8 million (December 31, 2014: €567.6 million). The reduction is due to the negative consolidated net result, which was burdened with losses from discontinued operations. The adjustment of interest rates for pension provision calculations in line with higher interest rates had an opposite effect. In total, the equity ratio declined from 26.2% to 24.2%. As expected, net financial debt of SGL Group increased from €389.9 million to €522.6 million, due to the increase of financial liabilities at SGL ACF, working capital buildup as well as one-time cash outflows in connection with the settlement of USD currency hedges. Total free cash flow from continuing operations deteriorated to minus €106.2 million compared to the prior-year period (H1/2014: minus €85.6 million).

Segment reporting

Performance Products (PP): Earnings more than doubled due to higher cost efficiency

The export-oriented Chinese overproduction in the steel industry continued to negatively affect the electric steel production resulting in a weak demand for graphite electrodes. In addition, graphite electrode prices declined, driven by lower raw material costs, which substantially went down due to the low crude oil price. Positive currency effects of 9% were able to almost entirely compensate for this development. Accordingly, sales in the reporting segment decreased only slightly in the first half year to €269.8 million (H1/2014: €273.9 million). Recurring EBIT in the reporting period more than doubled to €16.9 million (H1/2014: €6.8 million) due to cost reductions resulting from the above-mentioned raw material price developments as well as from SGL2015. The EBIT margin also more than doubled to 6.3% (H1/2014: 2.5%). Savings from SGL2015 amounted to €13.8 million in the first half year, of which €4.6 million are attributable to the SGL Excellence initiative. Expenses relating to SGL2015 measures were for the largest part already provisioned in the previous years. During the reporting period, non-recurring expenses of €4.2 million (H1/2014: €4.3 million) were incurred, mainly due to the closure of the Company's graphite electrode production in Narni / Italy. As a consequence, EBIT after non-recurring charges amounted to €12.7 million (H1/2014: €2.5 million).

Graphite Materials & Systems (GMS): Sales and earnings below previous year as expected

Sales of Graphite Materials & Systems decreased by 7% (currency adjusted 14%) to €219.0 million (H1/2014: €234.6 million). The main reason for this development is a project-related big ticket order from a customer in the electronics industry in the prior-year period. Additionally, the weak order intake during the course of 2014 led to a rather subdued first half year 2015 at Process Technology. In contrast, demand for anode materials for lithium ion batteries continued to develop favorably. Lower utilization of the production facilities, particularly following the non-recurrence of last year's big ticket order, led to a declining result in the first half year 2015, which was partly compensated by positive currency effects, one-time gains from a land sale and payments from an insurance compensation. In total, recurring EBIT decreased to €16.6 million (H1/2014: €28.3 million). The corresponding EBIT margin amounted to 7.6% (H1/2014: 12.1%). Cost savings from SGL2015 amounted to €6.3 million, of which €4.1 million were attributable to SGL Excellence. Restructuring expenses of €0.6 million relating to SGL2015 were incurred in the reporting period (H1/2014: €0.4 million). Therefore EBIT after non-recurring charges in the first half year amounted to €16.0 million (H1/2014: €27.9 million).

Carbon Fibers & Materials (CFM): Breakeven achieved

Sales of Carbon Fibers & Materials increased by 13% (currency adjusted by 7%) to €161.0 million (H1/2014: €142.3 million) in the first half year mainly due to the significantly higher sales in our proportionally consolidated joint operations with BMW Group. Additionally, the Business Unit Carbon Fibers & Composite Materials (CF/CM) was able to increase sales due to the increased demand from various customer industries. Recurring EBIT therefore reached breakeven at €3.2 million (H1/2014: minus €12.5 million), leading to an EBIT margin of 2.0% (H1/2014: minus 8.8%). Cost savings from SGL2015 amounted to €2.3 million (€1.0 million from SGL Excellence). Restructuring expenses of €0.1 million relating to SGL2015 were incurred during the first half at CFM (H1/2014: €0.2 million). Accordingly, EBIT after non-recurring charges amounted to €3.1 million (H1/2014: minus €12.7 million).

Sales revenue of all investments accounted for At-Equity increased by 20% in the first half year 2015 to €121.1 million (H1/2014: €100.7 million) and is not included in the consolidated Group sales figure. Results from these investments also improved significantly to €0.0 million (H1/2014: minus €3.2 million). Main investments accounted for At-Equity are Brembo SGL and Benteler SGL.

T&I and Corporate: Non-recurring expenses offset by cost savings

Recurring EBIT of T&I and Corporate remained on the level of the prior-year period at minus €21.7 million (H1/2014: minus €21.5 million). Consultancy fees for the optimization program Business Process Excellence as well as currency effects from the translation of US-dollar based administrative costs offset savings from SGL2015 of €3.5 million. Non-recurring expenses of €0.6 million were incurred in the reporting period (H1/2014: minus €14.8 million). Accordingly, EBIT after non-recurring charges amounted to minus €22.3 million (H1/2014: minus €36.3 million).

Further strategic milestones for long-term profitable growth defined

On July 7, 2015, the Board of Management and the Supervisory Board of SGL Group defined further strategic milestones to secure long-term profitable growth. Firstly, an extensive growth initiative has been decided for the business units GMS and CFM, targeting organic sales increase by approximately 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 optimize its business model to the changed market fundamentals especially in graphite electrodes. In addition, this step allows greater flexibility for various strategic options. These 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.

Outlook on Group earnings for full year 2015 confirmed

Due to these developments SGL Group confirms the earnings guidance for fiscal year 2015, which was published in March 2015. Group sales should remain roughly stable in 2015. Lower prices resulting from declining raw material costs will be compensated by currency gains and higher demand in the Business Unit CFM. In addition, we do not anticipate a near-term recovery in electric steel markets due to the continued export pressure from Chinese blast furnace steel. Nevertheless, recurring Group EBITDA and recurring Group EBIT should significantly improve year over year.

The SGL2015 cost savings program will be further pursued with highest priority. Since the launch of the program in the summer of 2013, cumulative savings of a total of €183 million were achieved and thus more than originally expected. Accordingly, the Company is well on track to reach the total savings target (based on actual costs in 2012) which was increased to €240 million in the first quarter 2015. Savings in a mid double-digit million euro amount are planned for 2015. Final restructuring expenses relating to SGL2015 will amount to a high single-digit million euro amount this year. Together with optimization measures in the context of the strategic realignment as announced on July 7, 2015, SGL Group expects total restructuring expenses to amount to a low double-digit million euro figure.

Similar to last year, the Company anticipates restructuring cash outflows in a mid double-digit million euro amount since payments for the measures initiated in 2013 and 2014 were not immediately due. Against the backdrop of a settlement expected in the near term with regard to risks relating to tax audits, a cash outflow of €35 million is anticipated in the second half of this year. These payments, in addition to high capital expenditures for capacity expansions in the joint operations with BMW Group, will continue to burden the free cash flow from continuing operations in 2015. A large part of this development already took place in the first half year 2015. On the whole, net debt will be significantly higher at year-end 2015 than at year-end 2014.

A number of long-term expansion projects are either largely completed or at the end of their investment. Given the weak earnings situation, SGL Group will additionally curtail expenses further. Accordingly, for the year 2015, capital expenditure on property, plant, and equipment is expected to be significantly lower than in 2014 and for the first time in many years to be at most at the level of depreciation.

The report on the first half of 2015 as well as further information about SGL Group can be found at www.sglgroup.com and in SGL Group's newsroom at www.sglgroup.com/press.

Key figures of SGL Group

(in €m)

	H1-2015	H1-2014	Change
Sales revenue	**655.1**	655.2	0.0 %
EBITDA before non-recurring charges	**61.1**	40.9	49.4 %
Operating profit (EBIT) before non-recurring charges	**15.0**	1.1	>100.0 %
Return on sales (EBIT margin) [1)]	**2.3 %**	0.2 %	-
Return on capital employed ($ROCE_{EBITDA}$) [2)]	**7.2 %**	4.7 %	-
EBIT	**9.5**	-18.6	>100.0 %
Result from discontinued operations (HITCO)	**-64.9**	-12.8	>-100.0 %
Net result	**-85.0**	-62.1	-36.9 %
Earnings per share, basic and diluted (in €), continuing operations [3)]	**-0.22**	-0.69	68.1 %
Capital expenditures in intangible assets and property, plant and equipment	**-30.1**	-60.5	-50.3 %
Free cash flow, continuing operations	**-106.2**	-85.6	-24.1 %

	June 30, 2015	Dec. 31, 2014	Change
Total assets	**2,067.2**	2,170.3	-4.8 %
Equity attributable to the shareholders of the parent company	**500.8**	567.6	-11.8 %
Net financial debt	**522.6**	389.9	34.0 %
Gearing[4)]	**1.04**	0.69	-
Equity ratio[5)]	**24.2 %**	26.2 %	-
Employees[6)]	**6,184**	6,342	-2.5 %

1) Ratio of EBIT before non-recurring charges to sales revenue
2) EBITDA for the last twelve months before non-recurring charges to average capital employed (total of goodwill, other intangible assets, property, plant and equipment and working capital)
3) Based on an average number of shares of 91.6 million
4) Net financial debt divided by equity attributable to the shareholders of the parent company
5) Equity attributable to the shareholders of the parent company divided by total assets
6) Of which continuing operations 5,688 (Dec. 31, 2014: 5,859)

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.

Further information on SGL Group can be found in SGL Group's newsroom at www.sglgroup.com/press or 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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