PRESS RELEASE

SGL Group confirms outlook for Group EBIT for 2015 – earnings expectations in graphite electrode business reduced

Report on the first nine months 2015:

- Higher recurring EBIT of €29 million on stable sales (€988 million)
- Savings from SGL2015 reach €34 million in the reporting period and €191 million since the inception of the program
- Outlook on Group EBIT for full year 2015 confirmed
- Renewed pricing pressure reduces earnings expectations in graphite electrode business
- Acceleration of legal separation of Business Unit PP and review of further measures

Wiesbaden, November 5, 2015. Measures executed in the course of the strategic realignment within SGL2015 had a positive impact for SGL Group – The Carbon Company – in the first nine months of 2015. Cost savings from SGL2015 amounted to €34 million after nine months. Cumulative savings of €191 million were achieved since the launch of the program in mid 2013. This had a positive impact especially in the segment Performance Products (PP) despite a continuing difficult environment for the core business with graphite electrodes. Furthermore, Carbon Fibers & Materials (CFM) posted a significantly positive EBIT before non-recurring charges of €8.4 million (9M/2014: minus €18.1 million). Correspondingly, the recurring Group EBIT increased to €29.0 million (9M/2014: €3.0 million. The EBIT margin improved from 0.3% to 2.9%. Group sales remained stable (currency adjusted minus 7%) at €988.3 million (9M/2014: 987.5 Mio. €). The positive sales development of CFM was offset by the sales decline in the Business Unit PP.

Dr. Jürgen Köhler, CEO of SGL Group: „In the first nine months, we realized significantly positive effects from our cost savings program SGL2015. Furthermore, we achieved the earnings turnaround at CFM. On the contrary, the situation in our graphite electrode business further deteriorated due the continued global steel crisis. These developments underline that we have to push ahead the accelerated growth strategy for the Business Units GMS and CFM as well as legal separation of the Business Unit PP, which we announced in July."

Non-recurring charges declined to minus €7.9 million (9M/2014: minus €24.4 million). Accordingly, Group EBIT after non-recurring charges reached €21.1 million (9M/2014: minus €21.4 million). The net financing result decreased to minus €40.9 million (9M/2014: minus €31.9 million) due to positive one-time effects in the previous year's period. The result from continuing operations before taxes improved by 67% from minus €56.7 million to minus €18.5 million and the result after taxes from minus €65.6 million to minus €26.4 million.

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Income and expenses incurred in the Business Unit Aerostructures (HITCO) are reported separately under discontinued operations. As a result of the agreement on the sale of HITCO's aerostructures business signed in July 2015 and the selling price specified therein, SGL Group conducted event-driven impairment tests on the assets of this business, resulting in a write-down of the carrying amount at June 30, 2015 to reflect the expected amount of net disposal proceeds. Therefore, the result from discontinued operations of the period includes impairment charges in the amount of €53.2 million. Including current operating losses of HITCO, the total result from discontinued operations amounts to minus €77.6 million (9M/2014: minus €24.9 million) for the first nine months of 2015. Following an extension of the evaluation period by up to 45 days, closing of the transaction is now expected by mid of December.

Subtracting income taxes as well as non-controlling interests, the consolidated net result of SGL Group decreased accordingly to minus €105.6 million (9M/2014: minus €91.5 million).

Discontinued operations impact balance sheet structure

Total assets as of September 30, 2015 declined by 6% to €2,036.1 million (December 31, 2014: €2,170.3 million). In September 2015, a new convertible bond with an aggregate principal amount of €167 million due in September 2020 was placed to refinance the repurchase of the convertible bond 2009/2016 and also for general corporate purposes. Shareholders` equity amounted to €460.0 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 and negative currency translation effects. Opposing effects mainly resulted from the IFRS equity component of the new convertible bond and the adjustment of the interest rate for pension provision calculations to the higher interest rate environment. Overall, the equity ratio declined to 22.6% compared to 26.2%. As expected, net financial debt of SGL Group increased from €389.9 million to €519.7 million due to the increase of financial liabilities at SGL ACF as well as the decrease in liquidity. Total free cash flow from continuing operations improved to minus €86.6 million (9M/2014: minus €99.5 million). As indicated, a slightly positive free cash flow was posted in the third quarter of 2015.

Segment reporting

Performance Products (PP): Earnings improved significantly despite difficult environment

As already stated in the previous quarters, 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. The cathode business developed positively, as it continued to benefit from a high capacity utilization. However, the higher cathode sales as well as positive currency effects of 7% could only partially compensate for the weaker graphite electrode development. Accordingly, sales of Performance Products declined by 5% to €406.3 million (9M/2014: €428.8million). Recurring EBIT improved substantially to €23.9 million (9M/2014: €16.2 million) due to cost reductions resulting from the above mentioned raw material price developments as well as from the cost savings program SGL2015. The EBIT margin reached 5.9% (9M/2014: 3.8%). Savings from SGL2015 amounted to €17.1 million, of which €6.3 million are attributable to SGL Excellence. Non-recurring expenses of minus €5.6 million (9M/2014: minus €6.5 million) were incurred in the reporting period relating mainly to the closure of the graphite electrode production facility in Narni. As a consequence, EBIT after non-recurring charges amounted to €18.3 million (9M/2014: €9.7 million).

Graphite Materials & Systems (GMS): Sales recovered slightly in the reporting quarter

Sales of Graphite Materials & Systems remained virtually unchanged at €340.1 million in the reporting period (9M/2014: €338.0 million). Currency-adjusted, sales declined by 6%. The main reason for this development is a project related big ticket order from the electronics industry in the prior year period. In the process technology business, sales in the third quarter recovered strongly after a weak start in the first half of the year. Demand for anode materials for the lithium ion battery industry continued to develop favorably. As expected, the 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 nine months 2015, which was partly compensated by positive currency effects, one-time gains from a land sale and from an insurance compensation. Nevertheless, recurring EBIT decreased to €27.2 million (9M/2014: €37.2 million). The corresponding EBIT margin amounted to 8.0% (9M/2014: 11.0%). Cost savings from SGL2015 amounted to €9.4 million, of which €5.9 million was attributable to SGL Excellence. Restructuring expenses of €0.9 million relating to SGL2015 were incurred in the GMS segment in the reporting period. Therefore EBIT after non-recurring charges amounted to €26.3 million (9M/2014: €36.5 million).

Carbon Fibers & Materials (CFM): Substantial turnaround into profitability

Sales of Carbon Fibers & Materials increased by 10% (currency-adjusted by 4%) to €235.4 million (9M/2014: €213.5 million) mainly due to the significantly higher sales in the joint operations with BMW Group, SGL ACF, as well as an increased demand at Carbon Fibers & Composite Materials (CF/CM). Recurring EBIT increased substantially from minus €18.1 million to positive €8.4 million, leading to an EBIT margin of 3.6% (9M/2014: minus 8.5%). Both CF/CM and SGL ACF contributed positively to this development, the latter one mainly due to planned lower ramp-up costs and improved productivity. Cost savings from SGL2015 amounted to €3.2 million, of which €1.4 million were attributable to SGL Excellence. Restructuring expenses of €0.3 million relating to SGL2015 were incurred at CFM during the first three quarters of 2015 (9M/2014: €0.4 million). Accordingly, EBIT after non-recurring charges amounted to €8.1 million (9M/2014: minus €18.5 million).

In the reporting period, sales revenue of investments accounted for At-Equity increased by 17% to €183.7 million (9M/2014: €157.1 million, 100% values for companies) and is not included in our consolidated Group sales figure. Results from these investments also improved significantly to €1.3 million (9M/2014: €minus 3.4 million). Main investments accounted for At-Equity are Brembo SGL (Italy and Germany) and Benteler SGL (Germany and Austria).

T&I and Corporate: Earnings improved by cost savings

EBIT before non-recurring charges of T&I and Corporate improved to minus €30.5 million (9M/2014: minus €32.3 million) as a result of SGL2015 savings (€4.3 million relating mostly to savings from implemented personnel measures as well as lower travel expenses). Non-recurring charges of €1.1 million were incurred within T&I and Corporate (9M/2014: €16.8 million). Accordingly, EBIT after non-recurring charges amounted to minus €31.6 million (9M/2014: minus €49.1 million).

Outlook for Group earnings confirmed for full year

Due to these developments, SGL Group confirms earnings guidance for fiscal year 2015 published in March 2015. Group sales should remain roughly stable in 2015 in comparison to the prior year. Recurring Group EBITDA and recurring Group EBIT should significantly improve year over year, as the weaker result in the reporting segment Performance Products should be compensated by higher earnings in the reporting segment Carbon Fibers & Materials and at T&I and Corporate.

For the final quarter of this year, the Company expects a Group EBIT at breakeven level, as earnings in the reporting segment Performance Products are anticipated to decline strongly.

Therefore SGL Group now expects a small decline in sales for PP for full year 2015 and an EBIT before non-recurring effects slightly below the prior year level due to the renewed deterioration in the graphite electrode business. GMS continues to expect a stable sales development and an EBIT decline by a mid to high single digit million euro amount compared to 2014. Slight sales growth is anticipated for CFM, whilst EBIT should benefit significantly from the positive development of SGL ACF and the increasing demand for composite materials and slightly higher demand from the wind industry.

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 €191 million and hence more than originally expected were realized. Accordingly, the total savings target was increased in two steps from initially €150 million to €240 million. Savings in a mid double-digit million euro amount could therefore once again be realistic for 2015. In connection with SGL2015, restructuring expenses will once again be incurred in 2015, but at a much lower level than in 2014. Together with optimization measures in the context of the strategic realignment as announced on July 7, 2015, total restructuring expenses are expected to amount to a low double digit million euro figure.

On November 3, 2015 SGL Group reported on a renewed deterioration of the graphite electrode markets. This development confirms the strategy to legally separate the business unit PP within the SGL Group as communicated on July 7, 2015. At the same time further site optimization and capacity reduction measures including potential site closures as well as further reductions in personnel from adapting the business model are being reviewed. This could result in additional restructuring expenses in 2015 in a mid to high double-digit million euro amount, of which the majority is expected to be non-cash. Additionally the SGL Group will also accelerate the process to define and realize strategic options for PP.

Similar to last year, restructuring cash outflows in a mid double-digit million euro amount are anticipated since payments for the measures initiated in 2013 and 2014 were not immediately due. Against the backdrop of a tax settlement, a cash outflow of €35 million occurred in October 2015 as announced. These payments, in addition to high capital expenditures for capacity expansions in the joint operations with BMW Group during the first half of 2015, will continue to burden free cash flow from continuing operations in 2015. A large part of this development already took place in the first half year 2015. After achieving a small positive free cash flow from continuing operations in the third quarter of 2015, SGL Group also expects to post a small positive free cash flow from continuing operations in the final quarter of this year, excluding the tax payment mentioned above. Overall, net debt will be significantly higher at year end 2015 than at year end 2014.

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

The report on the first nine months of 2015 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.

Key figures of SGL Group

(in €m)

	9M-2015	9M-2014	Change
Sales revenue	**988.3**	987.5	0.1 %
EBITDA before non-recurring charges	**95.9**	63.1	52.0 %
Operating profit (EBIT) before non-recurring charges	**29.0**	3.0	>100.0 %
Return on sales (EBIT margin) 1)	**2.9 %**	0.3 %	-
Return on capital employed ($ROCE_{EBITDA}$) 2)	**8.0 %**	4.7 %	-
EBIT	**21.1**	-21.4	>100.0 %
Result from discontinued operations (HITCO)	**-77.6**	-24.9	>-100.0 %
Net result	**-105.6**	-91.5	-15.4 %
Earnings per share, basic and diluted (in €) 3)	**-1.15**	-1.29	10.9 %
Earnings per share, basic and diluted (in €), continuing operations 3)	**-0.31**	-0.94	67.0 %
Capital expenditures in intangible assets and property, plant and equipment	**-48.5**	-93.7	-48.0 %
Free cash flow, continuing operations	**-86.6**	-99.5	13.4 %

	Sept. 30, 2015	Dec. 31, 2014	Change
Total assets	**2,036.1**	2,170.3	-6.2 %
Equity attributable to the shareholders of the parent company	**460.0**	567.6	-19.0 %
Net financial debt	**519.7**	389.9	33.3 %
Gearing 4)	**1.13**	0.69	-
Equity ratio 5)	**22.6 %**	26.2 %	-
Employees 6)	**6,116**	6,342	-3.6 %

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 5,637 (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.

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