PRESS RELEASE

SGL GROUP
THE CARBON COMPANY

SGL Group: Overall 2015 results impacted by non-recurring charges – Strategic realignment proceeding on schedule

- Group sales close to prior year level at 1,323 million euros
- Recurring EBIT improves from 2.7 million to 32.6 million euros
- Operational turnaround of business unit Carbon Fibers & Materials (CFM)
- Results of business unit Performance Products (PP) and the Group impacted by weak graphite electrode market
- Outlook for 2016: Group sales and results once again affected by graphite electrode business
- Dr. Jürgen Köhler: "We have already initiated the process of examining strategic options for the Performance Products business unit"

Wiesbaden, March 23, 2016. Fiscal year 2015 was operationally a largely satisfactory year for SGL Group. The two business units Carbon Fibers & Materials (CFM) and Graphite Materials & Systems (GMS) as well as the cathodes, furnace linings and carbon electrodes business within the business unit Performance Products (PP) generated good results (EBIT) and achieved the set objectives. However, the sharp downward turn in the graphite electrode market at the end of 2015 dragged PP's operating result (recurring EBIT) in the fourth quarter below the prior-year level. The closure of the Frankfurt-Griesheim site and impairment charges on property, plant and equipment had a severe impact on the results for the Group as a whole.

"The development in 2015 underscores that our strategic realignment was and is the right decision," says Dr. Jürgen Köhler, CEO of SGL Group. "We have analyzed and defined the growth initiatives for the business units Carbon Fibers & Materials (CFM) and Graphite Materials & Systems (GMS) and have begun their implementation. In both business units we focus on innovations and technologies that benefit from the global megatrends mobility, energy supply and digitization. In the end, our portfolio will be less volatile in the future. The carve-out of Performance Products (PP) is fully on target within the accelerated time schedule and has made immense progress. Also, we have already initiated the process of examining strategic options."

In the reporting year 2015, sales of SGL Group decreased by approximately one percent year on year to 1,323 (previous year: 1,336) million euros. Recurring EBIT increased substantially to 32.6 (previous year: 2.7) million euros, mainly due to the earnings turnaround of the business unit CFM, which improved EBIT from minus 22.5 million to plus 9.3 million euros. Despite the difficult framework and the non-recurrence of a large order from the previous year, GMS delivered a respectable performance. The cathodes, furnace linings and carbon electrodes business within the business unit PP also developed well, whereas the graphite electrodes business suffered on account of the weak steel market. The cost savings program SGL2015 enabled SGL Group to achieve approximately 45 million euros in savings in the year under review. The program was successfully concluded in 2015 and has already substantially exceeded

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the originally announced savings of 150 million euros by generating savings of 202 million euros until the end of 2015.

Due to non-recurring charges, the consolidated net loss of the SGL Group in 2015 increased to minus 295 (previous year: minus 247) million euros. These non-recurring charges are chiefly attributable to impairments and restructuring expenses in the graphite electrodes business and the sale of the aerostructures business of HITCO. Had it not been for these two effects, Group consolidated net result would have improved to minus 47 million euros.

Operational turnaround for Carbon Fibers & Materials

In the business unit CFM, sales were up by 10 (currency adjusted: plus 4) percent, reaching 327.3 (previous year: 296.4) million euros. Adjusted for HITCO's materials business, CFM sales were up by 3 percent, to 307 million euros. The moderate growth resulted in particular from the automotive and wind energy industries. In contrast, sales in the textile acrylic fiber business declined slightly as selling prices are linked to prices of acrylonitrile, its key raw material. Recurring EBIT rose significantly to 9.3 (previous year: minus 22.5) million euros. The main reasons for the operational turnaround were the completion of the start-up phase as well as the improved productivity of our joint ventures with the BMW Group and the higher capacity utilization of our carbon fiber plants.

Graphite Materials & Systems continues to generate positive earnings contribution

The business unit GMS registered a slight increase in sales revenues of 3 (currency adjusted: minus 4) percent year on year to 453.5 (previous year: 440.4) million euros. The main reason for the currency-adjusted decline in sales was the non-recurrence of a large order in the prior year. Stable to slightly higher sales revenues were achieved in most customer industries, such as in the solar, semiconductor and LED industry as well as in the chemicals sector. Business with customers from the lithium-ion battery industry also remained at a good level. As the non-recurrence of the large order reduced capacity utilization, recurring EBIT of the business unit GMS amounted to 34.1 (previous year: 40.0) million euros.

Performance Products: EBIT heavily impacted in fourth quarter due to renewed decline in market for graphite electrodes

The weak demand for graphite electrodes impacted the PP business unit during the last fiscal year. Higher sales in the cathodes, furnace linings and carbon electrodes business only compensated this development to a minor extent. Sales revenues declined by 9 (currency adjusted: minus 17) percent to 533.4 (previous year: 588.2) million euros. Recurring EBIT decreased by one quarter, to 19.4 (previous year: 26.0) million euros. In the first nine months, recurring EBIT of PP was still above the prior year level as forecasted, due to lower raw material costs and SGL2015 savings, and despite lower volumes and prices of graphite electrodes. Only the substantial deterioration in the graphite electrode market in the fourth quarter of 2015 caused recurring EBIT to fall below the prior year level. In order to counteract this development in the business unit PP, SGL Group adopted further measures to optimize its production network and capacity utilization. In this connection, additional restructuring expenses were incurred in 2015 which, however, were predominantly not cash effective. This includes the announced closure of the production site at Frankfurt-Griesheim.

This measure, in combination with the adaptation of the business model, will lead to future annual savings of nearly 30 million euros from 2018 onwards; half of this sum will already be realized in 2016.

The carve-out of the PP business unit will be finalized in mid-2016. To better account for the different developments in the graphite electrodes business compared to cathodes, furnace linings and carbon electrodes, SGL Group plans to carve these profitable businesses out into a separate legal entity within PP. This will enable the company to achieve additional flexibility on strategic options.

Non-recurring charges impact equity and balance sheet structure

In 2015, balance sheet ratios underwent substantial changes year on year. Equity, for instance, was affected in particular by the loss from discontinued operations as well as non-recurring charges. In total, equity ratio at the end of the year amounted to 15.6 (previous year: 26.2) percent. The placement of a 167 million euro convertible bond maturing in the year 2020 and the repurchase of the convertible bond maturing in 2016 improved the maturity profile of SGL Group. Free cash flow from continuing activities improved to minus 74.9 (previous year: minus 121.3) million euros. The negative free cash flow was essentially driven by one-off payments, including tax payments relating to prior periods arising from company audits, restructuring payments for SGL2015 as well as payments for unwinding currency hedges. Excluding non-recurring effects, free cash flow would amount to 8 million euros.

"In 2015 we succeeded in generating a positive free cash flow in our operational businesses. This reflects the internal financing capabilities of our operations," says Dr. Michael Majerus, CFO of SGL Group. "Now, our next goal is to substantially improve the net result in 2016, compared to the results from the prior year, which were affected by high non-recurring charges. Likewise, we will pursue the successful implementation of our new corporate strategy, with which we will also see a further substantial improvement in the quality of our balance sheet."

Outlook for 2016

For the current fiscal year, **SGL Group** anticipates a slightly declining level of Group sales, mainly due to the price pressure in the graphite electrode business, which is expected to continue. For this reason, the company expects a marked decline in recurring Group EBIT. In contrast, the results of the business units GMS and CFM are expected to improve. Moreover, the company expects its SGL2015 cost savings program to yield positive effects. On the whole, however, a further Group loss is anticipated, which is however expected to substantially improve over 2015.

Stable sales are anticipated in the business unit **CFM**. Demand from the automotive sector is expected to grow. In contrast, acrylic fiber sales are likely to decline based on lower crude oil prices. Due to higher delivery volumes and savings, CFM should manage to improve recurring EBIT disproportionately to sales.

For **GMS**, the company expects slightly higher sales revenues. Growing volume demand, particular from the solar, semiconductor and LED industries, are likely to be partly offset by price declines. A good order situation continues to be expected from the lithium-ion battery industry. On the whole, GMS expects a higher level of capacity utilization. Including savings, recurring EBIT is likely to see a disproportionate rise to sales.

The business unit **PP** will continue to be dominated by the graphite electrode business in 2016. SGL Group anticipates relatively stable demand on a low level. At the same time, prices of graphite electrodes will continue to decline. In contrast, the company anticipates a positive development in the business with cathodes, furnace linings and carbon electrodes. However, this will only partially offset the renewed decline in the graphite electrode business. All in all, PP is expected to post negative recurring EBIT in the mid double-digit million euro range.

“We nevertheless look to the current year with optimism. While the graphite electrode business will remain very difficult, we’re optimistic that the positive development of the remaining fields of activity of the business unit PP as well as CFM and GMS will continue,” says Dr. Jürgen Köhler. “The key factor for an assessment of the year 2016 is how successful we will be in implementing our strategy. We have all the prerequisites to achieve our growth objectives going forward to 2020: committed and dedicated employees, a strong market position and leading technologies.”

The annual report for the business year 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/en/.

Key figures of SGL Group

(in million euros)

	2015	2014	Change
Sales revenue	**1,322.9**	1,335.6	-1.0%
EBITDA before non-recurring charges	**121.1**	84.1	44.0%
Operating profit (EBIT) before non-recurring charges	**32.6**	2.7	> 100%
Return on sales (EBIT margin) 1)	**2.5%**	0.2%	2.3%-points
EBIT	**-128.3**	-48.5	> -100%
Result from continuing operations	**-198.9**	-127.8	-55.6%
Earnings per share, basic and diluted (in €) continuing operations 2)	**-3.22**	-3.26	1.2%
Capital expenditures in intangible assets and property, plant and equipment (excl. SGL ACF)	**-64.1**	-62.6	-2.4%
Capital expenditures in intangible assets and property, plant and equipment (SGL ACF)	**-10.8**	-70.0	84.6%
Free cash flow	**-74.9**	-121.3	38.3%

	Dec. 31, 2015	Dec. 31, 2014	Change
Total assets	**1,856.1**	2,170.3	-14.5%
Equity attributable to the shareholders of the parent company	**289.3**	567.6	-49.0%
Net financial debt	**534.2**	389.9	37.0%
Debt ratio (Gearing)3)	**1.85**	0.69	-
Equity ratio4)	**15.6%**	26.2%	-10.6%-points
Employees	**5,658**	6,342	-10.8%

1) Ratio of EBIT before non-recurring charges to sales revenue
2) Based on an average number of shares of 91.7 million
3) Net financial debt divided by equity attributable to the shareholders of the parent company
4) Equity attributable to the shareholders of the parent company divided by total assets

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 41 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 2015, the Company's workforce of around 5,700 employees generated sales of €1,323 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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