PRESS RELEASE

SGL Group: Start into the year according to plan

- Composites – Fibers & Materials (CFM) generated highest quarterly result since inception
- Adjusted for one-off effects in prior year, Graphite Materials & Systems (GMS) also posted higher EBIT
- Recurring Group EBIT and sales below prior year as expected, due to continued price pressure in graphite electrodes
- Legal separation of Performance Products (PP) proceeding according to accelerated schedule
- Guidance for 2016 confirmed

Wiesbaden, May 12, 2016. SGL Group has started off the new business year according to plan. In the first quarter of 2016, the reporting segment Composites – Fibers & Materials (CFM) generated an EBIT of €7.8 million and thus the highest quarterly result since inception of the segment. Return on sales was 9.5% (previous year: minus 0.5%). Adjusted for one-off effects in 2015, the reporting segment Graphite Materials & Systems (GMS) also posted an increase in EBIT compared to the prior-year period. In Performance Products (PP), the business with cathodes, furnace linings and carbon electrodes has developed well within expectations. However, Group sales and EBIT were again affected by the adverse price development in graphite electrodes. The legal separation of the reporting segment PP is proceeding according to the accelerated schedule and will be completed by the middle of the year as planned. The realignment of PP's business model to the changed market conditions is also well under way. Overall, the company confirms its guidance for 2016.

„The first quarter is building on the developments in the previous year. We are seeing good results in our growth areas Composites – Fibers & Materials (CFM) and Graphite Materials & Systems (GMS) as well as partly in Performance Products (PP). The graphite electrode business was characterized by significant price pressure. First trends of stabilization in the steel markets have not yet provided relief on the tough price situation in graphite electrodes. The legal separation of PP and the process of evaluating our strategic options are making good progress, which is very good news", says Dr. Jürgen Köhler, CEO of SGL Group.

Group sales was below the previous year's level as expected and amounted to €294.7 million in the first quarter 2016 (Q1/2015: €315.3 million), due to the price pressure in graphite electrodes. Recurring Group EBIT declined to minus €3.3 million in the reporting period after €5.0 million in the prior-year period. Accordingly, the consolidated net result declined to minus €26.4 million (Q1/2015: minus €16.5 million).

SGL Group – The Carbon Company
Corporate Communications, Media Relations
Soehnleinstrasse 8, 65201 Wiesbaden/Germany
Phone +49 611 6029-100, Fax +49 611 6029-101
E-mail: press@sglgroup.com / www.sglgroup.com

Composites – Fibers & Materials (CFM) posts highest earnings since inception

Sales in the reporting segment Composites – Fibers & Materials increased by 3% to €82.3 million in the first quarter 2016 (Q1/2015: €80.0 million). Sales growth was mainly driven by the structural effect relating to the inclusion of the materials business of HITCO as well as slightly higher volumes with automotive customers. As anticipated, prices in the acrylic fiber business developed in the opposite direction due to lower raw material costs. Recurring EBIT in the first quarter 2016 improved significantly to €7.8 million compared to minus €0.4 million in the comparable period of the prior year. With this result, the business unit generated the highest quarterly earnings since its inception. As anticipated, the highest earnings increase was posted by SGL Automotive Carbon Fibers (SGL ACF), the joint venture with BMW Group. Further positive effects on earnings came from the high level of capacity utilization in SGL Group's own carbon fiber production facilities, high level of invoicing in the materials business of HITCO and the turn-around in the result from At-Equity accounted investments.

Graphite Materials & Systems (GMS) improves adjusted EBIT

Sales in the reporting segment Graphite Materials & Systems at €103.0 million remained more or less on the same level as in the prior year period (Q1/2015: €104.1 million). The business in Europe and volume-wise also in Asia developed favorably, particularly with customers from the solar, LED, and semiconductor industries. In contrast, the North American business was negatively impacted by reduced demand from energy related industries. Demand for anode materials for the lithium-ion battery developed at anticipated stable levels. Recurring EBIT declined by 21% to €7.0 million (Q1/2015: €8.9 million) and is due to the non-recurrence of the positive one-off effects in the prior year. Adjusted for these effects the operating result improved by €2 million in the first quarter 2016.

Performance Products (PP): As anticipated, sales and earnings impacted by price pressure in graphite electrodes – continued good demand for cathodes

Sales in the business with cathodes, furnace linings and carbon electrodes increased in the first quarter 2016. Even graphite electrode volumes were slightly above the prior year level. Nevertheless, sales at €107.2 million remained below the previous year's level (Q1/2015: €128.3 million). Recurring EBIT in the reporting period deteriorated substantially to minus €8.8 million due to the graphite electrode price development (Q1/2015: €8.2 million). Lower raw materials prices and cost savings were unable to compensate for the price driven earnings decline.

The legal separation of the business unit PP progresses according to the accelerated schedule. The process is expected to be completed by the middle of the year. The same applies for the legal separation of the business with cathodes, furnace linings and carbon electrodes within PP. The intention is to maximize SGL Group's options in both areas.

In view of the difficult market environment for graphite electrodes, SGL Group decided on restructuring measures in order to achieve site optimizations and capacity reductions, which are being consistently implemented. The measures include the closure of the production facility in Frankfurt-Griesheim (Germany) which was publicly announced in February 2016. Production was already terminated at the end of April 2016. The majority of employees were moved to a transfer company as of May 1, 2016, and the site is expected to be vacated by the year-end 2016.

The adjustment of the business model including the Griesheim closure is expected to generate annual savings of up to €30 million from the fiscal year 2018 onwards, approximately half of which will already be effective in this fiscal year.

Free cash flow significantly improved

Free cash flow from continuing operations in the reporting period improved to minus €46.0 million compared to the prior-year period (Q1/2015: minus €78.1 million). This was primarily due to negative one-off effects during the prior-year period and the reduced build-up of net working capital in the reporting period. Total assets as of March 31, 2016, decreased by 4.2% to €1,777.7 million compared to December 31, 2015. The decrease is primarily the result of lower liquidity. Equity attributable to the shareholders of the parent company decreased to €242.0 million (December 31, 2015: €289.3 million) due to the negative consolidated net result and the further adjustment of the pension discount rate as a consequence of the low interest-rate levels. Net financial debt increased by €55.4 million to €589.6 million, mainly due to the lower liquidity.

Outlook for 2016 confirmed

SGL Group confirms the Group outlook, which was published in March 2016. For the current fiscal year, the company anticipates a slightly declining level of Group sales, mainly due to the anticipated continued price pressure in the graphite electrode business. 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. Nevertheless, a further Group loss is anticipated, which is however expected to substantially improve over 2015.

In the reporting segment **CFM**, sales are expected to remain close to stable. Demand from the automotive industry should develop solidly. Sales of the acrylic fiber business should develop in the opposite direction, since the price of acrylic fiber closely correlates with that of crude oil. EBIT for this business unit is expected to improve substantially due to higher delivery volumes and cost savings. However, the very good result of the reporting quarter cannot be extrapolated to the full year.

For **GMS**, SGL Group anticipates a slight increase in sales. Volume demand improvement continues to be expected from the solar, semiconductor, and LED industries, partially to be offset by price decreases. The energy related industries especially in North America should continue to show a weaker development due to the low oil price and restrained expectations for economic growth. The anode material business for the lithium-ion battery is developing at anticipated stable levels. Recurring EBIT is expected to improve slightly despite the non-recurrence of the positive one-off effects of the prior year due to cost savings as well as the anticipated higher volume demand in most businesses particularly in the second half year. This development should allow GMS to once again approach our target ROCE (ratio of EBITDA to capital employed) of 15%.

PP continues to be dominated by the graphite electrode business in 2016. SGL Group anticipates demand in the graphite electrode business to remain at a relatively stable, albeit low level in 2016 with continued price decreases. In contrast, the company expects the business in cathodes, furnace linings, and carbon electrodes to continue to perform well, although it will not be sufficient to compensate for the negative effect of the further drop in graphite electrode prices. Overall, a low double-digit percentage decrease in sales is anticipated in the reporting segment Performance Products. Despite the cost reductions achieved through SGL2015 and the ongoing adaption of the business model, the closure of the site in Frankfurt-Griesheim, and expected reductions in the cost of raw materials, the business unit currently expects negative EBIT before non-recurring charges in the mid double-digit million euro range.

The cost savings program SGL2015 will be successfully completed this fiscal year. By the end of the reporting period, cumulative savings of €208 million in total had already been realized. In the course of the year, the cumulative savings target of €240 million should be achieved. SGL2015 will not generate any significant additional expenses during the current fiscal year. However, a small remaining amount will become cash effective in 2016. Higher cash outflows were incurred in April 2016 in connection with the closure of the site in Frankfurt-Griesheim. Therefore, and because of the lower operating result, SGL Group expects a negative free cash flow and thus higher net financial debt in 2016. Regarding investments, SGL Group again anticipates substantially lower capital expenditure in 2016 than in the prior year, remaining significantly below the level of depreciation.

The report on the first quarter of 2016 as well as 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 € milion)

	Q1-2016	Q1-2015	Change
Sales revenue	**294.7**	315.3	-6.5%
EBITDA before non-recurring charges	**15.3**	26.6	-42.5%
Operating profit (EBIT) before non-recurring charges	**-3.3**	5.0	> -100%
Return on sales (EBIT margin) 1)	**-1.1%**	1.6%	-2.7% pts.
Return on capital employed (ROCE $_{EBITDA}$) 2)	**7.7%**	6.0%	1.7% pts.
EBIT	**-5.3**	4.2	> -100%
Consolidated net result attributable to the shareholders of the parent company	**-26.4**	-16.5	-60.0%
Earnings per share, basic and diluted (in €), continuing operations 3)	**-0.29**	-0.12	> -100%
Capital expenditures in intangible assets and property, plant and equipment (excl. SGL ACF)	**-6.2**	-7.1	+12.7%
Capital expenditures in intangible assets and property, plant and equipment (SGL ACF)	**-0.5**	-6.1	+91.8%
Free cash flow	**-46.0**	-78.1	41.1%

	Mar. 31, 2016	Dec. 31,2015	Change
Total assets	**1,777.7**	1,856.1	-4.2%
Equity attributable to the shareholders of the parent company	**242.0**	289.3	-16.3%
Net financial debt	**589.6**	534.2	10.4%
Gearing 4)	**2.44**	1.85	-
Equity ratio 5)	**13.6%**	15.6%	-2.0% pts.
Employees	**5,606**	5,658	-0.9%

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, investments accounted for At-Equity and working capital)
3) Based on an average number of shares of 91.7
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

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 40 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.

Contact Corporate Communications:
Telephone +49 611 6029 100 / Fax +49 611 6029 101
E-mail: press@sglgroup.com / www.sglgroup.com