

SGL Group completes carve-out of its Performance Products business unit

Wiesbaden, June 2, 2016. As initiated in July 2015 and earlier than originally planned, SGL Group has successfully completed the legal carve-out of its Performance Products (PP) business unit. The business unit was initially scheduled to be carved out by the end of 2016.

“Today marks a milestone in our strategic realignment. We executed the legal carve-out of our Performance Products business unit within SGL Group much earlier than planned. In doing so, we have laid the foundations for more specific analyses of strategic options,” said Dr. Jürgen Köhler, CEO of SGL Group.

With this step SGL Group takes account of the changed fundamentals in the market for graphite electrodes. The overcapacities in the steel industry have exposed it to substantial price erosion. By means of the legal carve-out, SGL Group has created the necessary prerequisites for participating in a potential market consolidation.

Moreover, the company has adjusted its business model and the capacities of PP to the changed market conditions. In total, SGL Group plans to achieve further cost savings of close to 30 million euros per annum in the mid-term. “In the current market environment, the only thing that counts is cost leadership. However, as graphite electrodes are indispensable for recycling steel scrap, the business unit has good prospects for the future. Our strong market position, modern factories in all key regions in the world and our realigned business model make the business unit Performance Products a very attractive asset,” added Dr. Jürgen Köhler.

The cornerstone of the strategic realignment initiated by SGL Group last year is the focus on the two business units Composites – Fibers & Materials (CFM) and Graphite Materials & Systems (GMS), where the company plans to increase its combined sales by over 50 percent by the year 2020, to approximately 1.1 billion euros. The growth drivers are high-performance materials based on carbon and graphite, which are fuelling developments in the megatrends mobility, energy supply and digitization.

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.

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