PRESS RELEASE

SGL GROUP
THE CARBON COMPANY

SGL Group's future core business reflects solid development in first half of 2016 – outlook adjusted to Group's new structure

- Business unit Performance Products (PP) classified as discontinued operations
- Sales from continuing operations nearly stable at 379.4 million euros
- Positive recurring EBIT from continuing operations amounts to 9.6 million euros
- Reporting segment Composites – Fibers & Materials (CFM) generates highest half-year result since inception
- Higher EBIT also generated by Graphite Materials & Systems (GMS), adjusted for one-time effects in previous year
- Guidance for 2016 adjusted to Group's new structure: sales from continuing operations slightly below previous year's level; slight increase in Group EBIT
- Dr. Jürgen Köhler: "Sale of the business unit Performance Products targeted by the end of this year"

Wiesbaden, August 11, 2016. SGL Group's future core business reflects solid development in the first half-year. Recurring EBIT from continuing operations increased to 9.6 (previous year: minus 1.9) million euros. The reporting segment Composites – Fibers & Materials (CFM) made a particularly strong contribution in this regard, with recurring EBIT substantially rising to 12.2 (previous year: 3.9) million euros – the best result since its inception. Adjusted for one-time effects from the previous year, EBIT of Graphite Materials & Systems (GMS) also saw an increase. Due to the legal separation and the progress in the ongoing disposal process, the business unit Performance Products (PP) has been classified as discontinued operations as of June 30, 2016. SGL Group has adjusted its guidance accordingly: the company now expects Group sales from continuing operations slightly lower than last year, accompanied by a slight increase in recurring EBIT from continuing operations.

"We've intensified our review of strategic options for Performance Products (PP) since the completed legal separation early June," says Dr. Jürgen Köhler, CEO of SGL Group. "It became apparent that a sale of the business unit is the most sustainable route, both for SGL Group and for PP. Our aim is to sell PP by the end of this year. We are now focusing on growth-driven industry segments. Our business units Composites – Fibers & Materials (CFM) and Graphite Materials & Systems (GMS) enable us to drive developments in the megatrends mobility, energy supply and digitization. CFM's new Lightweight and Application Center is already in its initial phase and has attracted attention of customers and prospects alike. At GMS we will expand the capacities for coated graphite components used in the production processes of the solar, semiconductor and LED industries."

Group sales from continuing operations amounted to 379.4 (previous year: 385.3) million euros

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in the first half of the year 2016, nearly matching the previous half-year level. In contrast, EBIT after non-recurring charges turned positive from minus 3.3 million to 9.6 million euros. The Group's net financing result saw a slight decline from minus 23.2 million to minus 25.9 million euros. The result from continuing operations before taxes improved to minus 16.3 (previous year: minus 26.5) million euros; after taxes to minus 23.0 (previous year: minus 27.8) million euros.

Earnings of Composites – Fibers & Materials continue to grow on the back of a very good first quarter

Sales in the reporting segment CFM decreased by 2.8 percent in the first half of the year 2016, to 156.5 (previous year: 161.0) million euros. While sales in the carbon fiber business recorded favorable growth, the acrylic fiber business despite higher volumes posted substantial lower sales based on lower raw material (acrylonitrile) prices, resulting from the depressed oil price. Recurring EBIT improved in the first half of the year to 12.2 (previous year: 3.9) million euros. The strong results in the first quarter turned this into an all-time high for CFM. The highest earnings increase was recorded by the joint ventures with BMW Group, SGL Automotive Carbon Fibers, which have completed the start-up phase. In addition, the Group's own carbon fiber production facilities had a high level of capacity utilization. As a result, the EBIT margin increased from 2.4 to 7.8 percent compared with last year. EBIT after non-recurring charges amounted to 12.2 (previous year: 3.8) million euros.

Graphite Materials & Systems improves earnings before one-time effects

GMS sales, at 218.9 million euros, remained on the previous year's level. In particular, customers from the solar, LED and semiconductor industries in Europe and Asia had higher demand for isostatic graphite and fiber materials. In contrast, the business in North America was negatively impacted by lower demand from energy-related industries. Demand for anode material for lithium-ion batteries developed at anticipated stable level. Recurring EBIT decreased by 18.7 percent to 13.5 (previous year: 16.6) million euros mainly due to the non-recurrence of positive one-time effects in the prior year. Excluding these one-time effects, the operating result improved by 2 million euros due to cost savings. The EBIT margin amounted to 6.2 percent (previous year: 7.6 percent). EBIT after non-recurring charges amounted to 13.1 (previous year: 16.0) million euros.

Savings at T&I and Corporate

Recurring EBIT in the reporting segment T&I and Corporate improved by 28.1 percent, to minus 16.1 (previous year: minus 22.4) million euros. The changed management incentive structure as well as cost savings made a positive impact, among other factors. EBIT after non-recurring charges amounted to minus 15.7 (previous year: minus 23.0) million euros.

Results of discontinued operations driven in particular by the graphite electrode business

Discontinued operations primarily relate to the business unit PP. Its results continue to be characterized by a significant price decline for graphite electrodes, while the delivery volumes increased slightly. Business with cathodes, furnace linings and carbon electrodes developed well within our expectations. Additionally burdened by a one-time deferred tax impact of minus 14 million euros due to the legal separation, PP sustained a loss after taxes of 47.9

million euros in the reporting period (previous year: plus 9.0 million euros). In total, after-tax earnings of discontinued operations came to minus 49.4 (previous year: minus 55.9) million euros.

Including discontinued operations, SGL Group generated a consolidated net result attributable to the shareholders of the company of minus 73.2 (previous year: minus 85.0) million euros in the first half of 2015.

Strong improvement in negative free cash flow

Total assets as of June 30, 2016, decreased by 6.1 percent, to 1,743.7 (December 31, 2015: 1,856.1) million euros. Reasons include, among other factors, the targeted reduction of inventories at PP, a lower level of liquidity, and currency effects. Due to the negative consolidated net result and higher pension provisions, shareholder equity declined to 171.9 (December 31, 2015: 289.3) million euros. In total, the equity ratio decreased from 15.6 to 9.9 percent compared to December 31, 2015. Net financial debt grew by 16 percent to 619.9 (December 31, 2015: 534.2) million euros. Main reasons were the build-up of working capital and one-time cash outflows in connection with the closure of the PP production site in Frankfurt-Griesheim. Free cash flow from continuing operations improved to minus 46.5 (previous year: minus 116.7) million euros primarily due to the improved result, the reduced build-up of working capital compared to the previous period, as well as the non-recurrence of the negative cash effects of unwinding USD currency hedges in the first half of 2015.

Outlook for 2016

The adjusted guidance for the year 2016 reflects the reclassification of PP as held for sale. Accordingly, **SGL Group** sales from continuing operations will be slightly lower year-on-year, while recurring Group EBIT is to slightly exceed the previous year’s level. Adjusted for positive one-time effects from the previous year in the business unit GMS and in T&I and Corporate, Group EBIT is expected to increase significantly.

In the business unit **CFM**, higher sales of fibers and materials for composites is anticipated to offset the declining price in the textile acrylic fibers business. Sales will therefore remain close to stable. Due to higher volumes and an improved cost position, recurring EBIT of the business unit will rise significantly. As the good result of the first half-year was attributable to a high level of invoicing in HITCO's materials business in the first quarter of 2016, the trend cannot be extrapolated to the full year.

Sales in the reporting segment **GMS** are expected to remain stable. This is due above all to a weaker order intake from energy-related industries in North America and overall economic uncertainties. The volume demand from the solar, semiconductor and LED industries is likely to rise and will partially compensate for price decreases. The anode material business for the lithium-ion battery industry is developing at anticipated stable levels. Despite good order backlog, recurring EBIT is likely to remain on the previous year's level. On a comparable basis, i.e. excluding the previous year’s one-time effects, the business unit GMS will slightly outperform its previous year figure. Accordingly, GMS will once again approach the Group’s target ROCE (ratio of EBITDA to capital employed) of 15 percent.

The forecast from the first quarter of 2016 is affirmed for the **discontinued business unit PP**.

Business with cathodes, furnace linings and carbon electrodes as well as the higher volume demand for graphite electrodes will not be sufficient to compensate for the negative effect of the further drop in graphite electrode prices. Accordingly, the operating result of discontinued activities will decline considerably.

The guidance for net financial debt also remains unchanged. At the end of 2016 it will be significantly higher year-on-year especially due to the cash outflows in connection with the restructuring measures in the discontinued business unit PP. A potential payment for the disposal of the discontinued business unit PP has not been taken into account in this regard.

Since a number of investment projects in the business units CFM and GMS have essentially been completed, investment requirements have declined compared to prior years. For this reason, the company plans substantially lower capital expenditures in 2016 than in the prior year, which will then be significantly below the level of depreciation. Moreover, by the end of the year the SGL2015 cost savings program will be successfully concluded. The cumulative savings target compared to the base year 2012 is 240 million euros. This also includes the savings of the discontinued business unit PP. At the end of June 2016, cumulative savings amounted to 218 million euros.

The report on the first half year 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 €m)

	H1-2016	H1-2015	Change
Sales revenue	**379.4**	385.3	-1.5 %
EBITDA before non-recurring charges	**33.6**	23.3	44.2 %
Operating profit (EBIT) before non-recurring charges	**9.6**	-1.9	> 100 %
Return on sales (EBIT-margin) [1]	**2.5 %**	-0.5 %	-
Return on Capital Employed ($ROCE_{EBITDA}$)	**8.7 %**	3.1 %	-
Operating Profit/EBIT	**9.6**	-3.3	> -100 %
Result from continuing operations	**-23.0**	-27.8	17.3 %
Result from discontinued operations, net of income taxes	**-49.4**	-55.9	11.6 %
Consolidated net result attributable to the shareholders of the parent company	**-73.2**	-85.0	13.9 %
Earnings per share continuing operations, basic and diluted (in €) [2]	**-0.26**	-0.32	18.6 %
Payments to purchase intangible assets and property, plant and equipment (without SGL ACF)	**-8.4**	-13.5	
Payments to purchase intangible assets and property, plant and equipment (SGL ACF)	**-0.8**	-8.7	
Free cash flow	**-46.5**	-116.7	60.2 %

	June 30, 2016	December 31, 2015	Change
Total assets	**1,743.7**	1,856.1	-6.1 %
Equity attributable to the shareholders of the parent company	**171.9**	289.3	-40.6 %
Net financial debt	**619.9**	534.2	16.0 %
Gearing [3]	**3.61**	1.85	-
Equity ratio [4]	**9.9 %**	15.6 %	-5.7%-points
Employees [5]	**5,423**	5,658	-4.2 %

1) Ratio of EBIT before non-recurring charges to sales revenue
2) Based on an average number of shares of 92.0 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
5) Thereof employees PP: 1,491 (previous year: 1,573)

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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