PRESS RELEASE

SGL GROUP
THE CARBON COMPANY

SGL Group's good performance continues in third quarter

- Group sales from continuing operations increased by 14 percent to 642 million euros after nine months
- Recurring Group EBIT rises more than proportionately to 33 million euros
- Graphite Materials & Systems doubles operating profit; operating profit of Composites – Fibers & Materials at previous year's level, as expected
- Sale of former business unit Performance Products and early redemption of corporate bond completed
- Full-year guidance increased: sales growth of approximately 10 percent with more than proportional improvement in EBIT anticipated
- Dr. Jürgen Köhler, CEO of SGL Group: "The takeover of the BENTELER-SGL joint venture shows that our focus remains forward-looking. We will further strengthen our value chain and expand our technical capabilities."

Wiesbaden, November 9, 2017. In the third quarter SGL Group continued its good performance achieved so far in fiscal year 2017. In the nine months to the end of September, sales from continuing operations increased to 642.1 (prior year period: 562.1) million euros, up by 14 percent year-on-year. The market segments energy, digitization, industrial applications, mobility and textile fibers were the main growth drivers. Business unit Graphite Materials & Systems (GMS) posted double-digit growth. The business unit Composites – Fibers & Materials (CFM) achieved substantial growth as well. Due to the good performance of GMS as well as savings in the reporting segment Corporate, recurring EBIT rose significantly more than proportional in relation to sales to reach 33,0 (prior year period: 12.8) million euros. The return on capital employed (ROCE) based on recurring EBITDA amounted to 10.7 (prior year period: 7.8) percent. As a result, SGL Group slightly increases its guidance for 2017 and expects sales growth of approximately 10 percent with a more than proportional improvement in EBIT.

"The operating performance in the current financial year, which so far has been better than originally expected, as well as the complete and successful sale of the former business unit Performance Products confirm the progress we have made in our strategic realignment," says Dr. Jürgen Köhler, CEO of SGL Group. "The complete takeover of the BENTELER-SGL joint venture shows that our focus remains forward-looking. We will continually strengthen our value chain and expand our technical capabilities in the strategic growth areas."

Group EBIT after non-recurring charges improved substantially in the first nine months of the year, from 12.2 million to 28.0 million euros. The non-recurring charges mainly include a cumulative currency translation difference resulting from the sale of the carbon fiber production site in Evanston (USA). With minus 38.6 (prior year period: minus 38.7) million euros, net financing result remained on the prior year level. Result from continuing operations before taxes improved from minus 26.5 million to minus 10.6 million euros. Including

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discontinued operations, the Group’s consolidated net result after taxes amounted to 5.3 (prior year period: minus 124.1) million euros.

Composites – Fibers & Materials: Sales improved, earnings at previous year’s level, as announced

Sales in the business unit CFM increased by 8 percent in the first nine months 2017 to 253.9 (prior year period: 234.5) million euros. Main drivers were the market segments industrial applications, automotive, aerospace and textile fibers. In the market segment wind energy, sales decreased compared to the previous year’s level. Recurring EBIT at 17.2 (prior year period: 16.8) million euros remained on a similar level, leading to a slight decrease in the EBIT margin to 6.8 (prior year period: 7.2) percent. The ramp up of the Lightweight and Application Center, which is designated to develop future business with the automotive and aerospace industries, offset the operational improvements in nearly all market segments, as anticipated. The strongest earnings improvement was recorded in the market segment industrial applications, resulting from the good capacity utilization in the carbon fiber plant in Scotland. Return on capital employed (ROCE) based on recurring EBITDA increased from 9.4 percent to 10.6 percent. EBIT after non-recurring charges declined to 11.2 million euros compared to 16.8 million euros. The decrease is solely attributable to the disposal of the production site in Evanston, leading to a negative earnings effect from attributable cumulative currency translation differences amounting to approximately 6 million euros. The recent adverse exchange rate developments have not yet had an impact on earnings as the business unit is still benefiting from favorable currency hedging contracts.

Graphite Materials & Systems: Recurring EBIT doubled due to high demand

Sales in the business unit GMS significantly increased by 18.7 percent to 381.5 (previous year period: 321.4) million euros in the first nine months 2017. This development primarily reflects the higher demand for anode materials in the market segment battery & other energy. The market segments LED, solar, semiconductor, automotive, and industrial applications were also able to increase their respective sales revenues. After the markets segment chemicals showed a weak first half 2017, the third quarter reported a strong increase in sales compared to the prior year period, resulting in nearly flat sales revenues in the first nine months 2017. Recurring EBIT doubled to 37.5 (prior year period: 18.8) million euros mainly due to improved results in the market segments battery & other energy as well as industrial applications. The EBIT margin improved significantly to 9.8 (previous year period: 5.8) percent. Return on capital employed (ROCE) based on recurring EBITDA increased from 12.0 percent to 17.4 percent. EBIT after non-recurring charges grew to 38.5 million euros after 18.3 million euros recorded the in the prior year period. The recent adverse exchange rate developments have also had only a negligible impact on earnings as the business unit GMS is still benefiting from favorable currency hedging contracts.

Corporate improves earnings through savings

At minus 21.7 (prior year period: minus 22.8) million euros, recurring EBIT in the reporting segment Corporate improved by 5 percent compared to first nine months 2016 primarily due to savings from project CORE.

Following the largely completed strategic realignment of the SGL Group, the organization of the operational production network is receiving increased attention. SGL Group has therefore decided to implement the so-called "SGL Operations Management Systems" (SGL OMS), a uniform and standardized management system for production across the sites and the businesses. The goal is to guarantee lean processes, high efficiency and best product quality. By 2020, all sites should be managed by uniform standards and key figures.

Result from discontinued operations further improved

The result from discontinued operations includes income and expenses incurred by the former business unit Performance Products (PP) and amounted to 25.5 (previous year period: minus 94.7) million euros. With the sale agreement for the graphite electrodes business (GE) dated October 20, 2016, the estimated losses until closing were already recognized in the prior year. The remeasurement of GE at fair value less cost to sell resulted in a reversal of impairment losses of 6.6 million euros, which was essentially already recognized in the second quarter 2017. The result from discontinued operations of the business unit PP also includes the result from the cathodes, furnace linings and carbon electrodes (CFL/CE) business that continued to improve their earnings compared to the good prior year level.

Free cash flow from continuing operations again improved

Free cash flow from continuing operations strongly improved to minus 37.4 (prior year period: minus 74.4) million euros. Total assets decreased slightly by 2.8 percent, to 1,846.2 million euros (December 31, 2016: 1,899.2). Equity attributable to the shareholders of the parent company amounted to 324.8 (December 31, 2016: 331.8) million euros. The slight reduction is mainly attributable to negative foreign currency effects. Overall, the equity ratio of 17.6 percent remained almost unchanged compared to 17.5 percent as of December 31, 2016. Net financial debt was at 477.3 (December 31, 2016: 449.4) million euros mainly due to the decrease in total liquidity primarily attributable to the buildup of working capital.

Group guidance for 2017 slightly increased

SGL Group increases its Group guidance published in March 2017 based on the good performance in the business unit GMS. Group sales is now anticipated to increase by approximately 10 percent (before: by a high single digit percentage) while Group EBITDA and Group EBIT – both before non-recurring charges – should increase more than proportionately to sales, as guided. However, the fourth quarter is anticipated to be the weakest quarter of this year based on lower capacity utilization following scheduled plant shutdowns and holidays. Accordingly, SGL Group expects EBIT in the mid-single digit million euro range.

The operational improvement will not be reflected in the Group consolidated net result from continuing operations, mainly because of the positive one-off effects realized through the sale of the Evanston site in the previous year and the early redemption of the corporate bond, which resulted in the write-off of the capitalized refinancing costs and an early prepayment penalty. As a result, SGL Group continues to anticipate a net loss from continuing operations in the mid-double digit million euro range.

The result from discontinued operations, and thus the Group result, will be characterized both by the significant improvement in the operational business of the former business unit PP and by effects resulting from the sale of PP.

SGL Group continues to anticipate a slight increase in sales in the business unit **CFM,** with “slight“ meaning a variation of up to 10 percent. The anticipated increase in sales will primarily be driven by higher demand for carbon fibers for industrial applications as well as for the automotive industry. Due to the recent oil price development, SGL Group now expects only moderate revenue growth in textile fibers. Business with the wind energy industry is expected below the prior year level based on the significantly reduced business volume of customers. EBIT is anticipated to remain on the prior year level, mainly due to the ramp up costs for the Lightweight and Application Center. This development will presumably offset the positive effects from the higher capacity utilization in carbon fibers. In addition, the 2016 EBIT also included a higher positive effect from high invoicing levels in the US aerospace business. As in prior years, CFM probably achieved the highest quarterly earnings of this fiscal year in the first quarter of 2017. Therefore, the final quarter of 2017 will be close to the level of the second and third quarter 2017.

As announced on November 8, 2017, SGL Group is acquiring the remaining 50 percent share in the joint venture BENTELER-SGL. This represents a further and important step in the strategy of the business unit CFM to fully control and further develop the entire composites value chain. Following the closing of this transaction, which is anticipated in December, this activity will be fully consolidated. However, this short inclusion will not significantly impact sales and earnings in the business unit in the fiscal year 2017.

Based on the predominantly positive market trends in **GMS,** SGL Group increases its sales guidance for this business unit for the second time this year and now expect revenues to increase by slightly more than 10 percent (before: approximately 10 percent). The positive trends particularly apply to the market segments battery & other energy, LED and semiconductors. After revenues in the market segment chemicals showed a substantial decline in the first half 2017, the third quarter 2017 reported higher sales, which should continue into the fourth quarter. As a result, SGL Group now expects revenues in the market segment chemicals to remain on the prior year level. Higher capacity utilization in nearly all business activities as well as cost savings are anticipated to lead to a significant increase in EBIT. As a result, it should be possible to achieve the target Group ROCE (ratio of EBITDA to capital employed) of more than 15 percent in this business unit also for the full fiscal year.

The sale of the graphite electrode business to Showa Denko was closed on October 2, 2017. The final proceeds will be derived from the closing balance sheet dated September 30, 2017. In addition to the 230 million euros which were transferred on October 2, 2017, a further payment in a mid-double digit million euro range is anticipated in the first quarter 2018. The sale of the CFL/CE business to Triton was closed on November 2, 2017, leading to cash proceeds of 230 million euros and a book profit of approximately 130 million euros in the fourth quarter 2017.

With the closing of both transactions the former business unit PP is now entirely sold. Thanks to the cash proceeds net debt at year end 2017 will, as guided, be significantly lower than at year end 2016 even though the acquisition of the BENTELER-SGL shares will increase net debt as of December 31, 2017, by a mid-double digit million euro amount.

With the proceeds from the sale of the GE business and the proceeds of the December 2016 capital increase, SGL Group has redeemed early and in full the corporate bond with a nominal of 250 million euros as of October 30, 2017. With the proceeds from the sale of the CFL/CE business SGL Group intends to repay the convertible bond with an initial nominal of 240 million euros at maturity in January 2018. With these measures, SGL Group reduces its interest expenses, significantly lowers its net debt and improves its balance sheet ratios.

For the fiscal year 2018 SGL Group anticipates a continuation of the positive market trends. In some areas, the favorable developments are even strengthening, for example in the anode materials for the lithium ion battery industry. However, from the current perspective, the most important currency rates, mainly relating to the Japanese Yen and the US-Dollar, are moving in an adverse direction, so that for the fiscal year 2018 SGL Group will have to assume unfavorable currency rates compared to this year. In addition, SGL Group expects cost increases in raw materials as well as in personnel costs, particularly due to the expected wage agreements in the metal industry in Germany. The company will publish its guidance for the fiscal year 2018 with its annual report on March 14, 2018.

The report on the first nine month of 2017 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 million euros)

	9M-2017	9M-2016	Change
Sales revenue from continuing operations	**642.1**	562.1	14.2 %
EBITDA before non-recurring charges	**70.1**	49.0	43.1 %
Operating profit (EBIT) before non-recurring charges	**33.0**	12.8	>100 %
Return on sales (EBIT margin) 1)	**5.1 %**	2.3 %	-
Return on capital employed ($ROCE_{EBITDA}$)	**10.7 %**	7.8%	-
Operating profit (EBIT)	**28.0**	12.2	>100 %
Result from continuing operations	**-17.4**	-28.3	38.5 %
Result from discontinued operations, net of income taxes	**25.5**	-94.7	>100 %
Consolidated net result	**5.3**	-124.1	>100 %
Earnings per share, basic and diluted (in €) continuing operations 2)	**-0.17**	-0.32	46.9 %
Payments to purchase intangible assets and property, plant & equipment	**-30.3**	-22.0	37.7 %
Free cash flow from continuing operations	**-37.4**	-74.4	49,7 %

	Sep. 30, 2017	Dec. 31, 2016	Change
Total assets	**1,846.2**	1,899.2	-2.8 %
Equity attributable to shareholders of the parent company	**324.8**	331.8	-2.1 %
Net financial debt (continuing and discontinued operations)	**477.3**	449.4	6.2 %
Debt ratio (Gearing) 3)	**1.47**	1.35	-
Equity ratio 4)	**17.6 %**	17.5 %	-
Employees 5)	**5,393**	5,384	0.2 %

1) Ratio of EBIT before non-recurring charges to sales revenue
2) Based on an average number of 122.3 million shares (previous year: 92.1 million shares)
3) Net financial debt divided by equity attributable to the shareholders of the parent company
4) Equity attributable to shareholders of the parent company divided by total assets
5) Thereof employees PP: 1,436 (December 31, 2016: 1,442)

About the SGL Group – The Carbon Company

The SGL Group is a leading manufacturer worldwide of products and materials made from carbon. The extensive product portfolio ranges from carbon and graphite products, carbon fibers all the way through to composites. The SGL Group's core expertise comprises the control of high-temperature technologies as well as the deployment of many years' application and engineering know-how. This is used to exploit the company's wide materials base. These carbon-based materials combine a number of unique material properties such as very good conductivity of electricity and heat, resistance to heat and corrosion as well as lightweight construction coupled with high firmness. The level of demand for the SGL Group's high-performance materials and products is increasing due to the industrialization of the growth regions of Asia and Latin America and the ongoing substitution of traditional construction materials by new materials. The SGL Group's products are deployed in the automotive and chemicals industries as well as in the semiconductor, solar, LED industry segments and in the field of lithium-ion batteries. Carbon-based materials and products are also used in wind energy, aviation and space travel as well as in the defense industry.

With 34 production locations in Europe, North America and Asia as well as a service network in over 100 countries, the SGL Group is an enterprise with a global orientation. In the 2016 financial year, approx. 4,000 employees generated 769.8 million euros in sales revenue. Its Head Office is based in Wiesbaden / Germany.

Further particulars on the SGL Group can be found in the Newsroom of the SGL Group at www.sglgroup.com/press and at www.sglgroup.com.

Important note:
To the extent that our press release contains forward-looking statements, the latter are based on information that is available at present and on our current forecasts and assumptions. Forward-looking statements, by their very nature, entail known as well as unknown risks and uncertainties that may lead to actual developments and events differing substantially from the forward-looking assessments. Forward-looking statements must not be understood to be guarantees. Instead, future developments and events depend on a large number of factors; they comprise various risks and imponderables and are based on assumptions that may possibly turn out not to be appropriate. These include unforeseeable changes to fundamental political, economic, legal and societal conditions, particularly in the context of our main customers' industries, such as electric steelmaking, the competitive situation, interest and exchange rate trends, technological developments as well as other risks and uncertainties. We perceive additional risks e.g. in pricing developments, unforeseeable events in the environment of companies acquired and Group member companies as well as in current cost savings programs from time to time. The SGL Group assumes no obligation and does not intend to adjust or otherwise update these forward-looking statements either.

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