

Ad hoc notification according to Art. 17 MAR (Market Abuse Regulation N° 596/2014)

## **SGL Group acquires BMW Group's minority interest in the joint venture SGL Automotive Carbon Fibers (SGL ACF)**

- SGL Carbon SE will acquire the 49% stake from BMW AG in stages between early 2018 until end 2020 at the latest, becoming the sole owner of SGL ACF
- Purchase is in line with the strategy of supplying every step of the carbon fiber value chain from a single source
- Cooperation with BMW Group on the supply of carbon fiber materials will continue
- No impact on BMW AG's shareholding in SGL Carbon SE
- Transaction increases sales, EBITDA and net debt of SGL Carbon SE in fiscal year 2018; Mid-term targets of SGL Carbon SE remain unchanged

*Wiesbaden/Munich, November 24, 2017.* SGL Carbon SE is acquiring BMW Group's 49% equity investment in the joint ventures SGL Automotive Carbon Fibers GmbH & Co. KG (Wackersdorf, Germany) and SGL Automotive Carbon Fibers LLC (Moses Lake, Washington State, USA) – together referred to as 'SGL ACF'. An agreement on this matter was signed by SGL Group and BMW Group today. The agreement specifies a step-wise acquisition of the two SGL ACF companies. In the first step, SGL Automotive Carbon Fibers GmbH & Co. KG will be transferred to SGL Group. This transaction is expected to be completed in January 2018. The second step will involve SGL Automotive Carbon Fibers LLC being transferred to SGL Group. While closing of this transaction is expected at the end of 2020 at the latest, this can be brought forward at any time on demand of SGL Group. Once the deal has been completed, SGL Group will be the sole owner of SGL ACF. As customary, the transaction is subject to approval from the respective authorities.

Following the transaction, SGL Carbon SE will fully consolidate SGL ACF in its financial statements from the fiscal year 2018 onwards (previously: proportional consolidation corresponding to the 51% shareholding), allocating the activities to the business unit Composites – Fibers & Materials. Consequently, Group sales is expected to increase by a mid-double digit and Group EBITDA (as defined in the annual report 2016) by a low double digit million Euro amount. On the net income level, the transaction is expected to have only a small positive impact, as higher depreciation resulting from purchase price allocation as well as higher interest expenses following the full consolidation of the SGL ACF debt is anticipated to partially offset the additional EBITDA.

The effective cash outflow in the fiscal year 2018 relating to the transaction is limited to the agreed purchase price for the fabric production site in Wackersdorf amounting to approximately €24 million. Nevertheless, net debt of SGL Carbon SE will increase by between €100 and €150 million, resulting from the requirement to fully consolidate the debt relating to both sites in Wackersdorf and Moses Lake in SGL Carbon SE's financial statements, even

though BMW Group will continue to provide the financing for Moses Lake until the transaction closes in end 2020 at the latest (previous maturity end 2018). The purchase price for the Moses Lake site amounts to approximately USD 62 million and is due only at closing of the second transaction end 2020 at the latest.

The transaction has no impact on our published mid-term targets and their expected achievement. The targeted ROCE (based on EBITDA as defined in the annual report 2016) of at least 15% and an acquisition-related higher sales target than the so far communicated €1.1 billion until 2020 is confirmed together with the targeted equity ratio of more than 30%, gearing (net debt to equity) of approximately 0.5 and a leverage ratio (net debt to EBITDA) of less than 2.5.

Carbon fibers and carbon fiber materials are at the core of SGL Group's corporate strategy. By acquiring SGL ACF now, SGL Group is forging ahead with its strategy to consolidate all key activities in the value chain – from carbon fibers and materials to components – within the overall responsibility of SGL Group. As announced two weeks ago, the acquisition of BENTELER SGL, up to now a joint venture with BENTELER Automotive, is also to be seen in this context.

The existing supply agreements for the continued procurement of carbon products from SGL ACF for the BMW i3, the BMW i8, and the BMW 7 series into the next decade are unaffected by the transaction. In addition, BMW Group has entered into an agreement with SGL Group to continue to work together on future projects involving the use of carbon.

Furthermore, the transaction will not impact BMW AG's 18.3% shareholding in SGL Carbon SE. According to BMW AG, this equity investment is not up for disposal.

The SGL ACF joint venture was founded in 2009 with the aim of establishing the use of carbon as a lightweight construction material in the automotive industry and securing the supply of carbon fibers and fabrics for BMW Group. Since then, SGL Group and BMW Group have carved out a leading technological position in the field of carbon fiber composites thanks to their joint development activities and the construction of two plants. In 2016, SGL ACF generated sales revenues of approximately €90 million.

### 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.sqlgroup.com/presse](http://www.sqlgroup.com/presse) and at [www.sqlgroup.com](http://www.sqlgroup.com).*

#### **Additional Information:**

ISIN: DE0007235301

Listing: Amtlicher Markt / Prime Standard / Frankfurter Wertpapierbörse  
(Official Market / Prime Standard / Frankfurt Stock Exchange)

Company's seat: Wiesbaden

#### **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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