PRESS RELEASE

SGL GROUP
THE CARBON COMPANY

SGL Group slightly increases its guidance for net income 2018 following a good first quarter

- Group sales and earnings in the first quarter of 2018 impacted by high positive one-time effects particularly relating to the full acquisition of former joint ventures with BMW Group and Benteler and the initial adoption of IFRS 15
- Slightly more than half of Group sales increase of 22 percent to 263 million euros is attributable to structural effects as well as the initial adoption of IFRS 15; organic growth mainly driven by the market segments automotive, semiconductors and LED, chemicals and industrial applications
- Recurring EBIT doubled to reach 21 million euros
- Solid first quarter and positive one-time effects allow slight increase in guidance for net income 2018
- Dr. Jürgen Köhler, CEO of SGL Group: "We remain on a growth track"

Wiesbaden, May 8, 2018. SGL Group completed the first quarter of 2018 better than expected. Due to positive one-time effects and a good operational development sales revenues and earnings rose substantially. Group sales were at 263 million euros, and therefore up by about 22 percent year-on-year. Slightly more than half of the sales growth related to structural effects and the initial adoption of IFRS 15. Key drivers of the operational sales increase were the improved performance of the market segments automotive, semiconductors and LED, chemicals as well as industrial applications. Recurring Group EBIT doubled to reach about 21 million euros. Due to one-time effects occasioned by fair value adjustments of 26.7 million euros, the consolidated net result significantly increased to 32.2 million euros. As indicated in the ad hoc notification of April 24, 2018, SGL Group now expects a consolidated net result in the lower double-digit million euro range for full year 2018.

"Following the good financial year 2017, we are continuing our positive development this year. The new SGL remains on a growth track," said Dr. Jürgen Köhler, CEO of SGL Group. "As a technology-based company, we develop smart solutions based on specialty graphite and composites for future topics in mobility, energy and digitization. Therefore, we benefit from the sustainable growth opportunities in these economically attractive markets."

In the first quarter 2018, SGL Group increased its sales revenues by a substantial 21.8 percent, to 263.4 (previous year: 216.3) million euros. Slightly more than half of the sales increase was related to the effects of the full consolidation of the former joint ventures with BMW (SGL ACF) and Benteler (Benteler-SGL) and the initial adoption of IFRS 15. Recurring Group EBIT doubled to 20.5 (previous year: 9.6) million euros due to improved earnings in both business units, a

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partially temporary effect from the initial adoption of IFRS 15 amounting to 5.6 million euros, as well as the proceeds of 3.9 million euros from a land sale. Without these two effects, recurring EBIT would have amounted to approximately 11 million euros, i.e. in line with expectations. The return on capital employed (ROCE) based on recurring EBIT improved from 2.8 percent in the previous year to 5.2 percent. Non-recurring items totaled 26.7 (previous year: minus 0.6) million euros. These include especially the adjustment to the fair value of the previously proportionally consolidated joint operation with the BMW Group amounting to 28.1 million euros at the date of acquisition. EBIT after non-recurring items amounted to 47.2 (previous year: 9.0) million euros. Due to the repayment of the corporate bond and the convertible bond, net financing result was halved from 14.1 million euros in the previous year period to 7.0 million euros. Consequently, pre-tax result from continuing operations rose to 40.2 (previous year: minus 5.1) million euros. After taxes and deduction of non-controlling interests, the Group's consolidated net result came to 32.2 (previous year: minus 0.3) million euros.

Composites – Fibers & Materials (CFM): Sales revenues and earnings driven by structural effects

Reporting segment CFM increased its sales revenues by 22.9 percent (currency adjusted by 26 percent), to reach 115.0 (previous year: 93.6) million euros. Above all, main drivers were structural effects such as the full consolidation of the former joint ventures Benteler-SGL and SGL ACF. In contrast, the sale of the share in the former joint venture SGL Kümpers reduced sales revenues. Operationally, the sales growth was driven mainly by the market segments industrial applications, automotive and aerospace. Sales in the textile fibers and wind segments declined compared to prior year level. Recurring EBIT increased by 17.7 percent to 9.3 (previous year: 7.9) million euros. The highest earnings improvement was recorded in the market segment automotive, primarily resulting from the full consolidation of SGL Composites (previously SGL ACF). While earnings in aerospace and textile fibers segment were at a similar level as in the previous year, the segments wind and industrial applications posted slightly lower EBIT.

Graphite Materials & Systems (GMS): Market segment chemicals recovered; semiconductors, LED and industrial applications with good results

Sales revenues in the reporting segment GMS significantly increased by 15.4 percent (currency adjusted by 19 percent) to reach 140.1 (previous year: 121.4) million euros. The initial adoption of IFRS 15 led to a partially temporary sales increase of approximately 12 million euros. Adjusted by this effect, sales increased by around 9 percent. Operationally, growth was driven by the recovery of the chemical business and the double-digit growth in the segments LED, semiconductors as well as automotive & transport. Business development in the market segment battery & other energy benefited from higher demand, which was offset by price and currency effects. The continued high demand from the market segment solar could not be fully met, as deliveries to customers from the semiconductor and LED segments were increased, due to their high demand for isostatic graphite specialties. Sales of the segment industrial applications remained on prior year level. Recurring EBIT almost doubled to 16.8 (previous year: 8.5) million euros. This contains a partially temporary effect from the initial adoption of IFRS 15 of 5.5 million euros. Adjusted for this effect, recurring EBIT increased by 33 percent mainly due to improved results in the market segments chemicals, semiconductors, solar and industrial applications. Only the market segments automotive & transport and battery & other energy did not increase their earnings compared to the prior year. The market segment battery & other energy is particularly impacted by the expected unfavorable currency exchange rates especially with regards to the Japanese Yen as well as the higher raw material costs.

Corporate profits from land sale

Recurring EBIT in the reporting segment Corporate improved by 18 percent to minus 5.6 (previous year: minus 6.8) million euros. This includes a positive effect in the amount of approximately 4 million euros from a land sale in Canada, which more than compensated for the implementation costs for the Operations Management System (OMS) and the termination of cost allocations to the now sold business unit Performance Product (PP).

Free cashflow below prior year due to investing activities

Cash flow from operating activities from continuing operations in the first quarter 2018 improved significantly by 16.5 million euros to minus 15.3 million euros. This reflects the improvement in the operating result. Cash outflow for investing activities increased from minus 0.3 million euros to 25.0 million euros and includes, among others, the cash outflows for the acquisition of the SGL Composite company in Wackersdorf (previously SGL ACF) amounting to 23.1 million euros. After consideration of this negative cash flow from investing activities, free cash flow from continuing operations declined to minus 40.3 (previous year: minus 31.5) million euros.

Total assets slightly decreased to 1,500.4 (December 31, 2017: 1,541.7) million euros. As of March 31, 2018, equity increased to 498.0 (December 31, 2017: 457.0) million euros. The increase of 9 percent is mainly attributable to the positive net result of 32 million euros as well as to the adoption of IFRS 15 and IFRS 9 on transition date January 1, 2018 amounting to 13.8 million euros. The equity ratio increased to 33.2 (December 31, 2017: 29.6) percent. Net financial debt increased to 203.6 (December 31, 2017: 139.0) million euros, primarily attributable to the full consolidation of SGL Composites (USA), whereas proceeds from the sale of the former business unit Performance Products had a positive effect.

SGL Group slightly raises its 2018 consolidated net result outlook

SGL Group still expects sales to increase by approximately 10 percent for fiscal year 2018. Adjusted for currency and structural changes, this corresponds to growth in the mid to high single-digit percentage range. In addition, SGL Group anticipates a single digit million euro positive impact on Group sales from the initial adoption of IFRS 15. Group recurring EBIT should slightly outpace sales growth, driven by the positive effects of a noticeable increase in volume demand, the additional contribution to earnings resulting from the full consolidation of the former joint venture SGL ACF, and cost savings. In contrast, however, the company anticipates higher personnel costs and raw material prices compared to the previous year, as well as less favorable exchange rates. In addition to this, SGL Group anticipates a low single digit million Euro positive impact on Group EBIT from the initial adoption of IFRS 15. The preliminary purchase price allocation (PPA) relating to the full consolidation of the former joint venture SGL ACF increases depreciation by approximately 10 million euros p.a. until 2021. These will be recorded under non-recurring items in the reporting segment CFM.

Due to the in total positive one-time effects, SGL Group confirms its slightly increased guidance from April 24, 2018, for net result from continuing operations reaching a low double digit million euro amount, while the prior guidance was aiming for a black zero (previous year: minus 16 million euros). In addition to the higher operating result, the improvement derives mainly from lower interest expenses as a result of the early repayment of the corporate bond on October 30, 2017, as well as the repayment of the convertible bond at maturity on January 25, 2018.

Net financial debt at the end of 2018 should be considerably higher than at the end of 2017, in particular due to the full consolidation of the former joint venture SGL ACF. Nevertheless, SGL Group will remain within its target gearing level of about 0.5, and a leverage ratio under 2.5.

The guidance for sales and EBIT in the reporting segment CFM remains within the framework of expectations which have been published in March 2018. The company expects a sales increase of approximately 25 percent primarily as a result of acquisitions. Adjusted for currency and structural changes, this corresponds to growth in the mid to high single-digit range.

Sales with the automotive industry should more than double, primarily due to the full consolidation of the former joint ventures with Benteler and BMW Group. At the same time sales with the wind industry should decrease by about one third, owing to the deconsolidation of the former joint venture with Kümpers as well as to the weaker customer demand. Sales should slightly increase in the market segment aerospace, while sales in the market segments industrial applications and textile fibers should remain around the level of the previous year.

Recurring EBIT in this business unit should improve noticeably due to the additional contribution to earnings resulting from the full consolidation of the former joint venture SGL ACF, as well as increasing volume demand. These will be partially offset by negative currency effects and higher development costs. As in the previous years, the highest quarterly earnings of this fiscal year is likely to have been achieved in the first quarter 2018 due to the high capacity utilization as well as high shipments for particular projects.

The initial adoption of IFRS 15 does not materially impact sales or EBIT in the CFM segment.

SGL Group also confirms its guidance issued in March 2018 for the reporting segment GMS. The company continues to expect a slight increase in sales, which corresponds to mid to high single-digit growth adjusted for currency effects. In addition, SGL Group anticipates a single digit million Euro positive impact on sales in this segment from the initial adoption of IFRS 15.

Significant sales growth is expected for the LED, automotive & transport, and solar market segments, while sales are anticipated around the level of the previous year for the semiconductor, chemicals, and industrial applications market segments. The company also expects renewed strong growth in volume demand for lithium ion batteries.

EBIT in the business unit GMS should increase slightly more than proportionately to sales growth, where positive volume effects will in part be offset by negative currency trends. Nevertheless, it should once again be possible to reach our target Group ROCE (EBIT in relation to capital employed) of at least 9 to 10 percent. In addition to this, SGL Group anticipates a low single digit million euros positive impact on EBIT in this segment from the initial adoption of IFRS 15.

Key figures of SGL Group

(in million euros)

	Q1 2018	Q1 2017	Change
Sales revenue from continuing operations	**263.4**	216.3	21.8%
EBITDA before non-recurring items	**36.1**	22.0	64.1%
Operating profit (EBIT) before non-recurring items	**20.5**	9.6	>100%
Return on sales (EBIT margin) [1)]	**7.8%**	4.4 %	+3.4%-points
Return on capital employed (ROCE $_{EBIT}$) [2)]	**5.2%**	2.8 %	2.4%-points
Operating profit (EBIT)	**47.2**	9.0	>100%
Result from continuing operations	**36.4**	-6.0	>100%
Result from discontinued operations, net of income taxes	**-4.2**	6.5	>-100%
Consolidated net result	**32.2**	-0.3	>100%
Earnings per share, basic (in €) continuing operations [3)]	**0.30**	-0.06	>100%
Payments to purchase intangible assets and property, plant & equipment	**-8.2**	-4.9	67%
Free cash flow from continuing activities	**-40.3**	-31.5	-28%

	Mar. 31, 2018	Dec. 31, 2017	Change
Total assets	**1,500.4**	1,541.7	-2.7%
Equity attributable to shareholders of the parent company	**498.0**	457.0	9.0%
Net financial debt (continuing and discontinued operations) [4)]	**203.6**	139.0	46.5%
Debt ratio (Gearing) [5)]	**0.41**	0.30	-
Equity ratio [6)]	**33.2%**	29.6 %	3,6%-points
Employees	**4,365**	4,193	4.1%

1) Ratio of EBIT before non-recurring items to sales revenue
2) EBIT before non-recurring items for the last twelve months to average capital employed - continuing operations (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 122.3 million shares (Q1/2017: 122.3 million shares)
4) Financial liabilities (nominal amounts) less liquidity
5) Net financial debt divided by equity attributable to the shareholders of the parent company
6) Equity attributable to shareholders of the parent company divided by total assets

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 32 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 2017 financial year, approx. 4,200 employees generated 860.1 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, 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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