

## **Antitrust authorities approve sale of SGL Group's graphite electrode business to Showa Denko (SDK)**

- Closing is expected for October 2, 2017
- Preparations are under way for the early redemption of the corporate bond 2013/2021

*Wiesbaden, September 28, 2017.* With approval already having been granted by the antitrust authorities in Germany, Russia, and Turkey, the US Department of Justice (DoJ) has given its conditional approval for the sale of SGL Group's graphite electrode business to the Japanese company Showa Denko (SDK). Closing of the transaction is expected for October 2, 2017.

The US antitrust authority's approval is subject to the condition that the new owner Showa Denko sells the two former SGL graphite electrode sites in Hickman, Kentucky and Ozark, Arkansas (both USA) for competitive reasons to a third party, preferably to a competitor. This condition has no impact on either the enterprise value as agreed with Showa Denko or SGL Group's expected proceeds from the sale.

In October 2016, SGL Group signed a sale and purchase agreement to sell its graphite electrode business to the Japanese company Showa Denko, based on an enterprise value of 350 million euros. After deduction of standard debt-like items, mainly pension and restructuring provisions, SGL Group is currently expecting cash proceeds of at least 230 million euros. The final proceeds will be determined based on the balance sheet as of September 30, 2017.

The 250 million euros corporate bond will be redeemed early with the proceeds from the sale of the graphite electrode business. The corporate bond was issued in 2013 with an original maturity in 2021 and a coupon of 4.875%. The bond has a call option at 102.438 percent exercisable from January 15, 2017. Today, SGL Group will make use of its optional redemption right under its corporate bond and will send a corresponding notice to its bondholders. The completion of the redemption is conditional upon the successful Closing and the redemption date – under this condition – is scheduled for October 30, 2017. The early redemption will incur expenses amounting to approx. 9 million euros (early prepayment penalty and accelerated amortization of refinancing costs), which have already been factored into the guidance for the consolidated net result from continuing operations in 2017. In contrast, savings of approx. 13 million euros will result from 2018 onwards due to the absence of interest expenses and refinancing costs.

In August 2017, SGL Group signed an agreement to sell its cathodes, furnace linings and carbon electrodes (CFL/CE) business to funds advised by Triton. The two parties agreed on an

enterprise value of 250 million euros. After deducting standard debt-like items, mainly pension provisions, as well as other customary adjustments, the transaction will result in cash proceeds of more than 230 million euros. The closing is expected in the fourth quarter of 2017. With this transaction, the former business unit Performance Products (PP) has been sold completely.

The convertible bond with an original nominal of 240 million euros and maturity in January 2018 will be paid back at maturity with the proceeds from the sale of the CFL/CE business. The convertible bond was issued in 2012 with a coupon of 2.75%. The redemption of this convertible bond will result in savings of approx. 12 million euros from 2018 onwards based on the absence of interest expenses, imputed interest components, and refinancing costs.

The sales proceeds and the redemption of two bonds will, as described above, reduce interest expense from 2018, significantly reduce the net debt position, and improve the balance sheet ratios.

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