

## Press Release

Wiesbaden, July 28, 2020

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

### **SGL Carbon SE presents an outlook for 2020 again based on the preliminary results for the second quarter 2020**

In light of the uncertainties surrounding the further development, the duration as well as the impacts of the Covid-19 pandemic, on April 1, 2020, the Board of Management of SGL Carbon SE decided to suspend the guidance for the fiscal year 2020 as published in the Annual Report 2019. Based on preliminary Group results for the second quarter 2020 the Board of Management has today assessed the outlook for the second half of the year.

At the beginning of the second quarter 2020, business development particularly in the business unit Composites – Fibers & Materials (CFM) was still dominated by the pandemic protection measures in place in Europe and North America as well as a sharp initial decline in volumes. In the further course of the second quarter, own measures to adapt to the effects of the pandemic were accompanied by a beginning volume recovery. As a consequence, the preliminary results for the second quarter 2020 do not look as weak as anticipated at the presentation of the quarterly statement as of March 31, 2020 (Group sales to decline substantially double-digit compared to the prior year level, negative recurring EBIT<sup>1</sup>). In fact, while Group sales has likely declined by approx. 25% compared to the prior year level of approx. €273 million, recurring EBIT is likely to have remained at break-even level in the second quarter 2020. The liquidity position at approx. €150 million at the end of the second quarter 2020 has remained stable compared to the end of the prior quarter and thus continues to be above the level at year-end 2019 (approx. €137 million).

While the global economic backdrop continues to remain fragile and dominated by Covid-19, the outlook for the second half of the year is becoming more and more consistent. Therefore under specific assumptions, which remain tentative, an outlook can once again be presented for the fiscal year 2020. In particular, a second pandemic wave and an associated further decline in demand due to a recession is not taken into account in the current forecast for the full year.

Accordingly, SGL Carbon expects Group sales to decline year-over-year by 15% to 20% (Group sales 2019: €1,087 million) and a slightly positive operating recurring EBIT for the full year 2020.

As already communicated since the beginning of this year, SGL Carbon has been working on various additional funding options independent from the capital markets. Some of these measures have been successfully completed or substantially advanced in the past weeks. These will increase Group recurring EBIT in a low double-digit million € amount in the form of one-time effects, presumably mainly in the third quarter.

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Consequently, Group net result from continuing operations for fiscal year 2020 is expected in a similar magnitude as before the Covid-19 pandemic outbreak (negative low double-digit million € amount) despite a lower operating Group recurring EBIT.

To take into account the reduced operating earnings expectations and in the context of a conservative free cash flow management, capital expenditures will be further reduced in the current year to approx. €60 million (Guidance in March 2020: €70-80 million) and thus below the level of depreciation.

Thanks to the successful execution of additional non-capital market related funding options mentioned above, the March 2020 guidance of a mid double-digit million € increase in net debt at year-end 2020 compared to year-end 2019 can be more or less confirmed despite substantially lower operating earnings expectations. The increase in net debt can largely be attributed to the payment of the purchase price for SGL Composites USA (the carbon fiber plant of our former joint venture with BMW in Moses Lake, Washington, U.S.), in the amount of 62 million U.S. Dollar, which is due at the end of this year.

Accordingly, a comfortable liquidity position is expected at year-end 2020 despite the purchase price payment due in the fourth quarter 2020. In addition, the syndicated loan in the amount of €175 million continued to remain available and undrawn.

The detailed interim report on the first half year 2020 will be published on August 13, as planned.

<sup>1</sup>The use of KPIs in this notification is aligned to the annual report 2019. There were no changes to the scope of consolidation or to valuation methods compared to the previous guidance.

## About SGL Carbon

SGL Carbon is a technology-based company and world leader in the development and production of carbon-based solutions. Its high-quality materials and products made from specialty graphite and composites are used in industrial sectors that determine the future: automotive, aerospace, solar and wind energy, semiconductor and LEDs as well as in the production of lithium-ion batteries, fuel cell and other energy storage systems. In addition, SGL Carbon develops solutions for chemical and industrial applications.

**In 2019, SGL Carbon SE generated sales of around 1.1 billion euros. The company has approx. 5,100 employees at 31 locations in Europe, North America, and Asia.**

Materials, products and solutions from SGL Carbon are embedded in the major topics of the future: sustainable mobility, new energies and cross-industry digitization. Further developments in these areas demand more intelligent, more efficient, networked and sustainable solutions. This is where the entrepreneurial vision of SGL Carbon evolves around: contributing to a smarter world.

Further information on SGL Carbon can be found at [www.sgllcarbon.com/press](http://www.sgllcarbon.com/press).

**Additional Information:**

ISIN: DE0007235301 / DE000A2G8VX7

Listing: Amtlicher Markt / Prime Standard / Frankfurter Wertpapierbörse

(Official Market / Prime Standard / Frankfurt Stock Exchange)

OTC in Germany: Berlin, Düsseldorf, Hamburg, Hanover, Munich, Stuttgart, Tradegate 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, 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 Carbon assumes no obligation and does not intend to adjust or otherwise update these forward-looking statements either.

**SGL Carbon SE**

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