

Press Release

Wiesbaden, October 25, 2019

Update on the preliminary status of the new five-year plan; deterioration in market segments Textile Fibers and Industrial Applications in the business unit CFM will be counteracted with various measures; strategic growth markets remain intact

- Continued weakness in the business unit Composites – Fibers & Materials (CFM) in the final quarter of 2019 due to the further weakening in the market segment Textile Fibers as well as the deteriorated economic environment in the market segment Industrial Applications leads to a guidance adjustment for the full year 2019
- Earnings deterioration at CFM triggers an impairment testing; impairment charge will become necessary
- Initial outlook for 2020
- Comprehensive measures initiated to improve earnings of the CFM business unit
- CFM strategic growth markets automotive and aerospace remain intact
- Growth in higher-margin aerospace business to be accelerated

While the preliminary results for the first nine months 2019 remain, overall, within the scope of the full year outlook outlined in the ad-hoc notification of August 14, 2019 (preliminary 9M/2019 recurring EBIT: Group: approx. €54 million, CFM: approx. minus €2 million, GMS: approx. €71 million, Corporate: approx. minus €15 million), continued weakness is becoming apparent for the final quarter 2019 in the reporting segment Composites – Fibers & Materials (CFM). This is due to the further weakening in the market segment Textile Fibers as well as the deteriorated economic environment in the market segment Industrial Applications.

We therefore now expect for the full year 2019 a recurring EBIT in the reporting segment CFM in a negative mid to high single digit million € amount (previous guidance: positive mid-single digit million € amount). This results in a Group recurring EBIT for the full year 2019 in the magnitude of €45 to 50 million (previous guidance: approx. €55 million).

The earnings deterioration at CFM triggers an impairment testing. Based on the preliminary status of the new five-year plan, a non-cash impairment charge of €70 to 80 million is becoming apparent in CFM mainly due to the lower starting point in 2019 as well as the ongoing weakness in the market segments Textile Fibers and Industrial Applications. This impairment charge will be recorded in the third quarter 2019. In recent years acquired assets of the former joint ventures with BMW and Benteler are not affected by this impairment.

Due to the earnings deterioration in CFM and thus also at the Group level, we also anticipate a write-down in deferred tax assets in the amount of up to €10 million, which will also be recorded

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in the third quarter 2019.

Mainly due to the above-mentioned impairment charge of €70 to 80 million €, consolidated net results in the fiscal year 2019 are expected to reach approximately minus €100 million (previous guidance: consolidated net results to reach a high single digit million loss).

An initial outlook for 2020 is also becoming apparent based on the current status of the new five-year plan: Group sales is expected slightly below the 2019 level (which is anticipated between €1.05 and €1.1 billion). Group recurring EBIT is likely to be 10 to 15 percent below the expected 2019 level. As already outlined in the ad-hoc notification of August 14, 2019, we are planning to publish further details on this and the new Group plan in January 2020 at the latest.

Comprehensive countermeasures initiated to improve CFM earnings

While the market segment Industrial Applications is characterized by an economic downturn, the market segment Textile Fibers is additionally burdened by a structural decline due to substitution effects. In order to counteract the resulting weak earnings development in the business unit CFM, the company has initiated comprehensive countermeasures.

The countermeasures include:

- targeted staff reduction of around 3 percent in the business unit CFM; half of the reduction has already taken place. The expenses for these restructuring measures are included in the revised full year guidance for 2019.
- accelerated conversion of textile fiber production lines into precursor production lines for carbon fiber production
- product mix improvements in the Industrial Applications and Textile Fibers market segments
- selective price increases
- accelerated implementation of Operational Excellence programs and implementation beyond production functions

In contrast, the strategic growth markets of the business unit CFM, automotive and aerospace, remain intact. In the market segment Automotive, the growing number of projects bears proof that the company's strategy to develop complete composite-based components is beginning to take effect. Especially the increasing number of projects driven by electromobility will have a positive impact. In the market segment Aerospace, SGL Carbon has increased its presence and expanded its product portfolio in recent months. The company plans to accelerate growth in the higher-margin aerospace business.

The interim report on the first nine months will be published on November 5, 2019, as planned.

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 and other energy storage systems. In addition, SGL Carbon develops solutions for chemical and industrial applications.

In 2018, SGL Carbon SE generated sales of around 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.sglcarbon.com/press.

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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