

SGL Carbon shows stability in a difficult market environment

- Graphite Solutions with slight sales growth and positive margin development
- Process Technology again improves on good prior-year figures
- Weak demand in Carbon Fibers continues to impact Group sales and profitability
- Despite slight decline in sales (-4.0%), EBITDA margin improves from 15.7% to 16.1% compared to the first half of the previous year
- Outlook for 2024 confirmed

Q2 2024 confirms SGL Carbon's solid business development in an increasingly volatile market environment. After €272.6 million in Q1 and €265.4 million in Q2, SGL Carbon generated consolidated sales of €538.0 million in the first half of 2024 (H1 2023: €560.5 million). This corresponds to a slight decrease of 4.0% compared to the prior year period; adjusted for currency effects, Group sales decreased by only 2.2%. By contrast, adjusted EBITDA, an important key figure for the Group, remained almost constant year-on-year at €86.5 million (H1 2023: €88.0 million). The adjusted EBITDA margin improved from 15.7% to 16.1%, in particular due to the continued positive sales trend in the Semiconductor market segment and the associated change in the product mix. On the other hand, the persistently weak demand in the Carbon Fibers business unit continued to weigh on the Group's sales and earnings performance.

"The different dynamics in our sales markets are also reflected in the development of our business units. As expected, Graphite Solutions and Process Technology performed well in the first six months of 2024. Due to the termination of a supply contract and weak demand from the automotive industry Composite Solutions was unable to repeat its good figures from the previous year. We do not see any recovery for the business unit Carbon Fibers even after six months in 2024," explains CEO Dr. Torsten Derr.

Taking into account depreciation and amortization of €27.0 million (H1 2023: €29.1 million) as well as one-off effects and non-recurring items of minus €3.6 million (H1 2023: minus €46.9 million), EBIT for the first half of 2024 amounted to €55.9 million (H1 2023: €12.0 million). The one-off effects and non-recurring items result, among other things, from the restructuring measures for the Carbon Fibers and Battery Solutions activities. When comparing the previous year, it should be noted that the first half of 2023 was disproportionately impacted by the impairment on the assets of Carbon Fibers (€44.7 million).

SGL Carbon SE**Corporate Communications, Media Relations**

Phone +49 611 6029-100 | Fax +49 611 6029-101

press@sglcarbon.com | www.sglcarbon.com

Development of the business units

The **Graphite Solutions** business unit generated sales of €284.2 million in the first half of 2024, up slightly by 1.3% on the same period of the previous year (H1 2023: €280.6 million). The continued double-digit percentage increase in sales with customers from the semiconductor industry was almost completely offset by the decline in demand in the Battery Materials, Solar and Industrial Applications market segments.

With an increase in sales of €16.4 million or 13.1% compared to the same period of the previous year, the “LED and Semiconductors” market segment in particular contributed to the positive development of Graphite Solutions and now represents around 50% of Graphite Solutions' total sales (H1 2023: around 45%). The most important sales segment here are customers from the silicon carbide-based semiconductor sector, which recorded an increase in sales of more than 20% in the first half of 2024.

The adjusted EBITDA of Graphite Solutions rose disproportionately to sales by a significant 10.9% to €72.2 million in the first half of the year (H1 2023: €65.1 million). Accordingly, the adjusted EBITDA margin also increased accordingly from 23.2% to 25.4% in the first half of the year.

The **Process Technology** business unit once again improved on the previous year's good sales and earnings figures. With an increase in sales of 8.5% to €69.9 million (H1 2023: €64.4 million), the business unit continued its successful business development. Process Technology is benefiting from its global orientation with locations in North America, Europe and Asia. The high capacity utilization also led to a significant improvement in adjusted EBITDA from €11.9 million to €16.0 million in the first half of 2024. The EBITDA margin rose accordingly from 18.5% in the first half of 2023 to 22.9%.

In the first half of 2024, sales in the **Carbon Fibers** business unit amounted to €110.1 million and were therefore below the figure of €125.1 million in the same period of the previous year. The decline was due in particular to persistently weak demand from the wind industry. In the first half of 2024, global overcapacity for products in the market segments Textile Fibers, Industrial Applications and Transportation also led to a low double-digit percentage decline in sales. The adjusted EBITDA of Carbon Fibers fell accordingly by €10.5 million to minus €4.4 million (H1 2023: €6.1 million). The lack of fixed cost absorption due to temporarily closed production lines led to high idle capacity costs and, combined with falling margins for commodity products, had a correspondingly negative impact on adjusted EBITDA. It should be noted that the adjusted EBITDA of the Carbon Fibers business unit includes an earnings contribution of €7.7 million from the joint venture BSCCB, which is accounted for At-Equity (H1 2023: €11.0 million).

Revenue in the **Composite Solutions** business unit decreased by 16.0% to €66.9 million in the first half of 2024 (H1 2023: €79.6 million). The decline is due in particular to the termination of a project-related supply contract with an automotive customer. The lower sales figures for electric vehicles also had a noticeable impact on demand. The Automotive market segment is the dominant customer segment, accounting for 93% of Composite Solutions' half-year sales. As a result of lower sales volumes, the adjusted EBITDA of Composite Solutions fell significantly by 34.1% year-on-year to €8.1 million (H1 2023: €12.3 million). The adjusted EBITDA margin

weakened accordingly from 15.5% in H1 2023 to 12.1%.

Debt, equity and capital expenditure

Net financial debt as at June 30, 2024 increased slightly by 3.1% to €119.4 million (December 31, 2023: €115.8 million). The leverage factor remained unchanged at 0.7. Due to the positive Group result, the equity ratio increased slightly compared to year-end 2023 to a solid 44.3% (December 31, 2023: 41.1%).

The investment volume in the first half of 2024 amounted to €44.2 million and was therefore significantly higher than depreciation and amortization of €27.0 million.

Outlook

The current volatile development in some of our sales markets, which in some cases is below expectations, affects the expected sales and earnings performance of the business units. Due to our diversified business model, changes in demand for certain products can be largely offset by higher-than-expected sales in other businesses. We therefore continue to expect to achieve the forecast we issued in March for the SGL Carbon Group at the lower end of the stated range. For fiscal year 2024, we expect Group sales to be at the previous year's level (2023: €1,089.1 million) and adjusted EBITDA at Group level to be between €160 million and €170 million.

Thomas Dippold, CFO of SGL Carbon, explains: "One of our most important market segments is the semiconductor industry and in particular the demand for graphite components for the production of silicon carbide-based semiconductors. These are used primarily in electric vehicles due to their higher efficiency and performance. In the first half of 2024, global demand for electric vehicles slowed compared to the growth in previous quarters, and a return to the previous year's growth rates is not expected in the coming months. In addition, there are high inventory levels in the semiconductor value chain, which are also impacting demand for our products. Even if we assume that the market for high-performance semiconductors for electric vehicles will continue to grow significantly in the future, we expect demand for our specialty graphite components for the production of SiC-based semiconductors to slow down in the second half of 2024. For Graphite Solutions, however, we continue to expect sales and adjusted EBITDA to be above the previous year."

On the other hand, other market segments are developing better than expected and can thus compensate for fluctuations in demand within the SGL Carbon Group. Taking into account the business unit developments in the first half of 2024 and the expected trends for our key sales markets, the Company expects to meet its forecast for sales and adjusted EBITDA in fiscal year 2024 at the lower end of the announced range.

Further details on business development in the first half of 2024 can be found in the interim financial statements on our webpage <https://www.sglcarbon.com/en/investor-relations/publications-news-key-figures/>.

Key figures for the first half of 2024

(in € million)	H1 2024	H1 2023	Change	Change in %
Group sales	538.0	560.5	-22.5	-4.0%
Graphite Solutions	284.2	280.6	3.6	1.3%
Process Technology	69.9	64.4	5.5	8.5%
Carbon Fibers	110.1	125.1	-15.0	-12.0%
Composite Solutions	66.9	79.6	-12.7	-16.0%
Corporate	6.9	10.8	-3.9	-36.1%
EBITDApre*	86.5	88.0	-1.5	-1.7%
Graphite Solutions	72.2	65.1	7.1	10.9%
Process Technology	16.0	11.9	4.1	34.5%
Carbon Fibers	-4.4	6.1	-10.5	--
Composite Solutions	8.1	12.3	-4.2	-34.1%
Corporate	-5.4	-7.4	2.0	-27.0%
EBITDApre margin (in %)	16.1%	15.7%		+0.4%-pts
Net result (attributable to shareholders of the parent company)	29.4	-10.0	39.4	--
Free cash flow	12.4	20.1	7.7	-38.3%
	Jun. 30, 2024	Dec. 31, 2023	Change	Change in %
Equity ratio (in %)	44.3%	41.1%		3.2%-pts
Net financial debt (in € million)	119.4	115.8	3.6	3.1%
ROCE (EBITpre) (in %)	11.3%	11.3%		0.0%-pts

* EBITDApre (adjusted EBITDA): Earnings before interest, taxes, depreciation and amortization adjusted for one-off effects and non-recurring items.

About SGL Carbon

SGL Carbon is a technology-based company and a world leader in the development and production of carbon-based solutions. Its high-quality materials and products made from specialty graphite, carbon fibers and composites serve many industries that are shaping the trends of the future: climate friendly mobility, aerospace, solar and wind energy, semiconductors, and LEDs as well as the production of lithium-ion batteries, fuel cell and other energy storage systems. In addition, SGL Carbon develops solutions for chemical and industrial applications. 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.

In 2023, SGL Carbon SE generated sales of 1.1 billion euros. The company has approx. 4,800 employees at 29 locations in Europe, North America, and Asia.

Further information on SGL Carbon can be found at www.sgllcarbon.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

Claudia Kellert – Head of Capital Markets & Communications

Soehnleinstrasse 8
65201 Wiesbaden/Germany

Telephone +49 611 6029-100
Fax +49 611 6029-101
press@sgllcarbon.com
www.sgllcarbon.com

 [LinkedIn](#)
 [Facebook](#)