Annual General Meeting of SGL Carbon SE  
May 10, 2012

Summary of Speech by  
CEO Robert Koehler

*The spoken word applies*

**Fiscal Year 2011**

SGL Group – The Carbon Company – succeeded in a difficult economic environment in reaching the Group targets it set for itself for fiscal 2011. Group sales revenue improved by approximately 12% to €1.54 billion (2010: €1.38 billion). The target was to increase sales revenue by more than 10%. With respect to operating profit (EBIT) before net gains from impairment tests, we achieved an increase of 25% to €160 million (2010: €128 million). Return on sales rose accordingly, increasing from 9.3% to 10.4%, and earnings per share rose from €0.80 to €1.09

We continued to consistently pursue our growth strategy in fiscal 2011. Capital expenditure remained at a high level at €139 million (2010: €137 million), primarily funded from operating cash flows. The Company’s balance sheet structure saw another significant improvement with an equity ratio of 45.8% and a gearing ratio of just 0.33 in the year under review. This good performance means that – as announced – we will propose to today’s Annual General Meeting payment of a dividend of €0.20 for each share entitled to participate in dividends for fiscal 2011.

In 2011, SGL Group continued to make advancements in its strategic future markets. In the Business Area Performance Products, this included making scheduled progress on our carbon and graphite plant in Malaysia. All production levels in the manufacture of graphite electrodes have meanwhile been completed, and we have also made substantial advances in developing our cathode production facilities. In the Business Area Graphite Materials & Systems, we continued expanding global production capacities for special graphites with a focus on Germany, China, the US and India. In the Business Area Carbon Fibers & Composites, we concentrated on developing and expanding our capacities. For instance, we expanded the automation of component production at HITCO, our aerospace subsidiary. We also began carbon fiber production for SGL Automotive Carbon Fibers, our joint venture with the BMW Group, as scheduled. In 2011, our strategic development again also focused on the key function of research and development, which at SGL Group is known as “Technology & Innovation”. An example of this is the new carbon fiber pilot plant that was put into operation at the Group’s research location in Meitingen. Another point of focus was product development and optimization of our process expertise for the promising fields of synthetic graphite, energy storage systems, carbon fibers, composite materials and ceramic fibers. And last but not least, we made additional progress in developing our international research network and strategic alliances, which
relates primarily to the areas of lightweight construction, e-mobility and alternative energy storage systems.

A look at the performance of our Business Areas shows that in 2011, we succeeded in establishing the Business Area Graphite Materials & Systems (GMS) as a strong, additional profit pillar for the Group.

In the traditionally high-margin Business Area Performance Products (PP), a significant improvement in demand for graphite electrodes from the steel industry led to a revenue increase of 11% to €846 million. It has to be noticed that cathodes experienced reduced sales volumes as expected due to postponed investments in the aluminum industry. The return on sales in PP remains high at 17%. Due to lower sales prices, particularly for cathodes, and the continued high start-up costs for our new graphite plant in Malaysia, however, EBIT – at €143 million – did not exceed the previous year’s level. Cost savings from our SGL Excellence initiative amounted to approximately €10 million.

Fiscal 2011 was the best year in the history of the Business Area Graphite Materials & Systems (GMS). Very high demand from all customer industries, particularly the semiconductor, LED and solar sectors, led to a revenue leap of 18% to €469 million. EBIT more than doubled to €84 million. Return on sales rose accordingly, increasing from 9.3% to an impressive 17.9%. SGL Excellence contributed to this performance by creating cost savings of around €8 million.

In the Business Area Carbon Fibers & Composites (CFC), growth was impacted by the known issues in the wind energy sector. The weak performance of our SGL Rotec subsidiary allowed sales revenues to rise only marginally by 1% to €220 million in 2011. By contrast, sales revenue of the equity-accounted investments relating to CFC rose by 14% to the current €155.7 million after €137.0 million in the prior year (100% of the sales revenues of each of these companies). The project-related lack of sales revenue at SGL Rotec had a disproportionately high impact on earnings due to the high level of fixed costs in rotor blade production. EBIT dropped accordingly from €-6.6 million to €-16.9 million. Without SGL Rotec, this figure would have been slightly positive. The cost savings from our SGL Excellence initiative amounted to approximately €5 million in the reporting year.

We succeeded in improving our balance sheet structure despite having again made very high investments in new technologies for future growth. Due to the earnings improvement and the early, partial conversion of our convertible bonds, the equity ratio increased significantly from 40.9% to 45.8%. The gearing ratio was 0.33, or well below our target of 0.5.

SGL Group has a solid financing structure that is based on a long-term approach. Our successful placement of a new convertible bond in mid-April of this year added a further component to our corporate financing, which supports and secures our growth strategy on a long-term basis – all at a low interest rate of 2.75% p.a. The convertible bond, at a volume of €240 million, has a term of 5 years and 9 months and can be converted into approximately 5.4 million no-
par-value shares of SGL Carbon SE. The conversion price per share is at 44.10€, 30% above the reference price of €33.92. This, together with the other bond conditions and its placement at market prices takes into account our shareholders’ interests with respect to dilution from the exclusion of subscription rights. The issue proceeds are intended to be used, inter alia, for repayment of the 2007/2013 convertible bond to the extent the latter is not converted to shares by the maturity date of May 16, 2013. In addition, we plan to use the proceeds from the issue of the convertible bond primarily to finance the acquisition of Fisipe in Portugal and to expand local production capacity for the Chinese graphite electrode market.

We were also successful in other areas. At this juncture I would like to refer to the findings of two studies that underline the positive image of SGL Group and the good reputation of the Company as an employer: For example, we were certified as one of Germany’s top employers in 2012. SGL Group was also – together with Siemens – named one of the German companies with the greatest improvement in image in a study carried out by manager magazin together with the Humboldt University of Berlin ("Image Profiles 2012"). According to the study, SGL Group holds 26th place from among 170 major corporations in the image ranking (2008: No. 93). In the industrial sector, SGL Group is near the top of the list at No. 5.

**Expansion of the carbon fiber precursor production basis**
In March of this year, SGL Group further reinforced its precursor production basis in Europe with the acquisition of an 86% stake in the Portuguese company Fisipe. Fisipe was founded in 1973 and is an established manufacturer of textile polymer fibers with revenues of €130 million and 330 employees. The company has expandable production capacities at its disposal along with well-developed logistics and its own energy supply. Precursor is the raw material in the production of carbon fibers, and is substantial in defining the characteristics of the carbon fibers. It also represents more than 50% of the cost factor in carbon fiber production. We already manufacture precursor as part of our multi-sourcing strategy in joint ventures with Lenzing AG in Kelheim/Bavaria (EPG) and Mitsubishi Rayon Co. Ltd. (MRC) in Otake/Japan. Thus, we strengthen our carbon fiber value chain and secure precursor supply over a long term. Carbon fiber plays an important role in the global trends toward energy efficiency, resource conservation and material substitution. This is already apparent in the multitude of new applications in diverse industries, such as the automotive industry, mechanical engineering, the wind energy sector, aerospace and the construction industry.

**First quarter and outlook for 2012**
SGL Group got off to a solid start in fiscal 2012 with a sales revenue increase of 5% to €382 million (Q1 2011: €364 million). EBIT reached €36 million (Q1 2011: €36 million), which corresponds to a return on sales of 9.5% (Q1 2011: 10.0%). Our equity ratio improved from 45.8% (Dec. 31, 2011) to 47.2% at the end of the first quarter. The gearing ratio of 0.39 was considerably below our target level of approximately 0.5 despite the rise in net debt compared to year-end 2011.
It is still difficult to make a concrete projection for the whole of 2012 due to economic uncertainties, especially those resulting from unresolved sovereign debt issues. With an improved economic backdrop in the course of the year, SGL Group currently anticipates improvements in Group sales and EBIT in 2012 compared to the previous year.

The performance of the individual Business Areas is likely to vary. For PP, the Company is projecting a further increase in sales revenues versus 2011 at comparable margins. In the Business Area GMS, SGL Group expects stable sales revenues compared with the prior year. Due to an anticipated slight decrease in capacity utilization, it is not likely that the record return on sales of 18% achieved in 2011 will be repeated. Nonetheless, a return on sales of at least 10% – well over the medium-term target – is anticipated. At CFC, the Business Units Carbon Fibers & Composite Materials and Aerostructures are expected to improve over the course of 2012 in spite of the slow start into the new fiscal. However, these developments are not likely to be sufficient to compensate the anticipated – even though decreased – losses in the Business Unit Rotor Blades. Generally, the Business Area CFC continues to be characterized by a strong R&D driven substitution trend, which can lead to delays and to start-up/development expenses, which may not be fully projectable until a certain commercial maturity is reached.

In contrast to the usual cyclicality of our business, EBIT in the second quarter 2012 should remain on a comparable level to the first quarter 2012 due to customers having pulled forward deliveries from Q2/2012 to Q1/2012. In total, the first half year 2012 is expected to be within the framework of the planning. The medium-term gearing target of approximately 0.5 remains our top priority. It will continue to be the governing indicator defining the investment program. Our largest projects in this investment program are scheduled to be completed this year. Accordingly, the company forecasts capital expenditures in plant, property and equipment and intangible assets to be up to €150 million in 2012 which will largely be funded from operational cash flow. SGL Group anticipates free cash flow to be up to minus €60 million in fiscal 2012 (before acquisitions and dividend payment for fiscal year 2011). With capital expenditure forecasted to decline from 2013, the company seeks to again be free cash flow positive (before acquisitions).

Medium-term trend
Over the medium term, SGL Group’s traditional business in the base industries of steel, aluminum and chemicals will continue to benefit from rising demand for resources as a result of the rapid development of infrastructure in the emerging economies, particularly the BRIC countries. Growth is also being driven by the areas of lightweight construction (automotive, aerospace and marine construction), electromobility, alternative energies (solar and wind), and air conditioning which leads to accelerated development of technology and innovation, particularly in the industrial countries. Thanks to their unique characteristics, carbon-based products play an important role in materials substitution as they help reduce CO\textsubscript{2} emissions and thus conserve natural resources.
SGL Group has created the basis for future profitable growth by making significant investments in the past years in new technologies. Assuming that the global economy will continue to develop positively, we anticipate medium-term (4-5 years), average organic revenue growth of more than 10% per year to around €2.5 billion, driven by all three Business Areas. GMS and CFC, will together account for half of the Group’s consolidated sales revenues. In addition, CFC’s equity-accounted joint ventures will generate an additional sales volume of approximately €500 million (100% of the sales revenues of each of these companies). With respect to the Group’s return on sales, our target remains a minimum of 12%, which we plan to reach in 2013 and onwards.

Our capital spending requirements will stay at the high level of up to €150 million in 2012, and thereafter fall back to approach depreciation levels. All investment projects will continue to be financed predominantly by operating cash flows. Starting in 2013, positive free cash flow (before acquisitions) is expected to be reported again. Our top priority remains our medium-term gearing target of approximately 0.5, which will continue to be the governing indicator defining SGL Group's investment program.

In terms of the medium-term performance of our company, our core messages are:

- Additional production capacities to result in significant growth in sales revenue of more than 10% p.a.
  - Target of more than €2.5 billion for consolidated Group sales revenue
  - Additional approx. €500 million from CFC’s equity-accounted investments (100% of the sales revenues of each of these companies)

- Targets for sales revenue growth raised and confirmed
  - CFC: ≥ 15% p.a. ≥ 20% p.a.
  - GMS: 6% – 8% p.a. ≥ 10% p.a.
  - PP to reach record sales level

- All three business areas to become profit pillars of a balanced portfolio
- Gearing target to remain at approx. 0.5
- Positive free cash flow (before acquisitions) expected in 2013

On the occasion of our 20th anniversary, we have prepared a comprehensive chronicle of our company and the carbon industry at large. Shareholders may obtain a copy of the chronicle by presenting their voucher at the hospitality desk when leaving the Annual General Meeting.