Annual General Meeting SGL CARBON SE
April 30, 2014

Summary of Speech

Dr. Jürgen Köhler, CEO SGL CARBON SE
Annual General Meeting of SGL Carbon SE on April 30, 2014

Summary of the Speech by
Dr. Jürgen Köhler, CEO

The spoken word applies

The 2013 fiscal year – change and continuity

SGL Group is undergoing the most extensive restructuring in its history. In the light of difficult general conditions, the Company posted a net loss of just under €400 million in the 2013 fiscal year. This loss was the result of a downward trend which SGL Group has never experienced to this degree. The Group's Board of Management responded to this promptly, establishing a comprehensive, Group-wide cost savings program entitled “SGL2015”, which is set to generate savings of €150 million by 2015.

SGL2015 will change SGL Group. We have already achieved initial successes in the past year. Instead of generating cost savings of €50 million as planned, we have already saved almost €70 million. Group financing was also optimized in December and the maturity profile significantly extended. The Group's successful refinancing of existing financing instruments also demonstrates the capital markets' confidence in us.

Segment reporting

Performance Products: Sales revenue in the Business Area PP fell by 20% in 2013 to €755.9 million (2012: €940.7 million), while EBIT before non-recurring charges declined by 61% to €69.4 million (2012: €179.2 million). The main issue is the considerable pressure on prices for graphite electrodes following increased competitive pressures and structural overcapacities in the steel sector. As a result, we have reduced our graphite electrode capacities by 60,000 tons and decided to close two sites in Canada (Lachute) and in Italy (Narni). As reported in the press, our competitors have announced similar measures. Cathode sales have recovered slightly, but at lower price levels.

Graphite Materials & Systems: Sales revenue in the Business Area GMS fell by 16% to €408.1 million (2012: €486.2 million), while EBIT declined from €67.4 million to €30.1 million. This was due to a weaker demand not only in the solar, semiconductor and LED industries but also in traditional industries. The Business Unit Process Technology developed positively, having successfully processed orders including a major order for a hydrochloric acid recycling plant in China in 2013.
Carbon Fibers & Composites: Sales revenue in the Business Area CFC increased by 45% to €309.3 million (2012: €214.1 million). This figure includes a revenue contribution of €117 million (2012: €81 million) from Fisipe, the Portuguese acrylic fiber company acquired in April 2012. Like-for-like sales revenue (excluding revenue from Fisipe) rose by 22% thanks to higher sales revenue in the Business Units Carbon Fibers & Composite Materials and Aerostructures. EBIT in the Business Area CFC was €32.9 million in 2013 (2012: €23.9 million). Earnings in the carbon fiber business were still negatively impacted by price pressure due to ongoing overcapacity. Particularly in Aerostructures, capacity utilization was unsatisfactory due to ongoing project delays, primarily in the aviation sector (Boeing 787). What we are currently experiencing in CFC is typical of a number of start-ups for new technologies and applications. All of us firmly believe that new technologies will catch on quickly. But this often takes considerably more time in reality.

SGL2015 already delivering initial positive results
The Group’s restructuring as part of SGL2015 is based on three pillars: Firstly, simplifying processes and streamlining management structures. This includes optimizing the entire organizational structure in order to become leaner and more efficient. This involves reviewing all processes, identifying process overlaps, adjusting organizational structures accordingly and reducing material and staff costs. We are cutting around 300 jobs in administration worldwide, over half of which are in Germany. As things currently stand, 83% of these planned job cuts have already been defined in as socially responsible a manner as possible, for example by means of partial retirement, early retirement schemes, natural attrition and other HR measures.

Secondly, SGL2015 involves adapting the production network to cyclical and structural changes in demand. In principle, products should be produced in the region for which they are intended. Among other things, we will continue to strengthen our presence in regions including Asia (primarily Banting, Malaysia). Furthermore, the announced plant closures in Lachute, Canada and Narni, Italy are part of the consolidation of our sites and reorganization of our production volumes, which will optimize the global production network, reduce our fixed-cost base and enable us to take advantage of synergies between Business Units.

The third pillar of SGL2015 relates to our portfolio. Here we will be focusing more strongly on our materials expertise and our core competencies in carbon fiber and composites in the future. One example of this is the sale of SGL Rotec in December 2013.

High net loss for the year due to non-recurring charges in all Business Areas
The operating business developed negatively in 2013 due to declines in all three Business Areas. Group sales revenue fell by 10% to €1,477 million (2012: €1,646.0 million). EBIT before non-recurring charges declined significantly to €20 million (2012: €164.4 million). SGL Group posted a consolidated net result after taxes for the year of minus €396.4 million (2012: €5.9 million). The main reason for the decline in EBIT was lower graphite electrodes prices, the core product in the Business Area Performance Products (PP). It is important to note that free cash flow
developed successfully. Thanks to a significant reduction in capital expenditure (-28% to €95.5 million) and a decline of over €104 million in working capital, free cash flow increased by over €100 million in 2013, from €-66.2 million to €+38.2 million.

The net loss for the year of €396.4 million is characterized by a large amount of negative non-recurring charges consisting of impairment of €120.6 million and project write-offs of €22.1 million. Additionally, restructuring expenses of €84.2 million were incurred in connection with SGL2015. Apart from the non-recurring charges, the net financing result was €-50 million. This includes interest and refinancing costs. Also, one-off tax expenses of €84 million were incurred.

As a result of these weak figures, it is not possible to distribute a dividend for 2013. However, we intend to resume dividend payments when we return to profitability on a sustainable basis.

In view of the very negative result, the equity ratio also fell significantly in the year under review from 41.7% to 32.4%, but is still at a sound level. One positive aspect is that, despite the burdens on earnings, the Group managed to lower its net financial debt from €459.3 million to €447.7 million.

Thanks to a broadly diversified portfolio of debt instruments, SGL Group has a long-term financing structure. Refinancing successfully completed at the beginning of December also contributed to this. The maturity profile was significantly extended by issuing a bond with a volume of €250 million maturing in 2021 and by extending the maturity of the existing – as yet undrawn – syndicated credit line of €200 million to 2017.

**Outlook – Measures – Guidelines**

**Outlook for 2014**

Once again, the new 2014 fiscal year will not be an easy year. On a comparable basis, the Company expects virtually stable sales revenue compared to 2013 including proportional consolidation of SGL ACF. Group EBIT will be down significantly year on year, mainly due to the development of prices for graphite electrodes.

The majority of restructuring expenses relating to the SGL2015 cost savings program was already recorded in the 2013 annual financial statements. Therefore, we only anticipate restructuring expenses within a low double-digit million euro range in 2014. SGL Group aims to generate sustainable savings of around €150 million by the end of 2015 with SGL2015 (on the basis of actual costs for 2012). Of this figure, the Company already achieved savings of €69 million in 2013. It also expects a similar amount of savings this year.

Following a considerable positive free cash flow in the previous year, SGL Group anticipates significantly negative free cash flow in 2014, mainly due to the cash
outflow of implemented restructuring measures as well as higher capital expenditures at SGL ACF, the joint venture with BMW. Capital expenditure requirements for established businesses will be down significantly year on year in 2014, although more funds will be invested on behalf of SGL ACF due to growing demand for carbon fiber materials from BMW Group.

First quarter of 2014
SGL Group had a cautious start to the 2014 fiscal year. Sales revenue fell by 15.2% to €336.3 million (Q1 2013: €396.7 million). At €-2.3 million, EBIT before restructuring expenses was significantly lower than in the first quarter of the previous year (Q1 2013: €13.6 million). Net result was €-22.8 million (Q1 2013: €-9.4 million). The equity ratio was 30.5%, almost the same as the ratio of 31.4% at the end of 2013.

However, this development overshadows successes in other areas: We are right on track with implementing SGL2015 and cut costs by €14 million in the first quarter. Operations developed positively in the Graphite Specialties reporting segment, thanks especially to a major order for a customer in the electronics industry. Our carbon fiber related activities benefited greatly from the growth of our automotive joint ventures.

SGL Group confirms the 2014 forecast issued in March 2014.

Since the last Annual General Meeting, 223,473 new shares were created from the Company’s authorized capital, which are subject to exclusion of subscription rights, in connection with the employee bonus program and the Matching Share Plan. As in previous years, the Company issued these shares by utilizing authorizations granted by the Annual General Meeting in order to promote share-based employee participation and to settle these employee stock option programs.

Operational developments
SGL Group achieved operational successes in the 2013 reporting year, despite difficult conditions in all three Business Areas. For example, regular operations commenced at the graphite plant in Malaysia in the Business Area PP. The cathodes business successfully generated new business in China. The Business Unit GS acquired its largest ever single order in the Graphite Specialties Business Unit for a new technology in the electronics industry, which will be produced this year. The new press for isostatic graphite was commissioned on schedule in Bonn. Additionally, anyone who wishes to assume a leading position in the carbon fibers market needs its own supply of raw materials. Therefore, backward integration into the carbon fiber precursor at Fisipe is of central importance.

In the Business Unit Carbon Fibers & Materials, we helped to commercialize innovative products in close collaboration with renowned industrial partners in an increasing number of sectors. The niche existence of carbon fibers is a thing of the past. This is particularly evident by the use of carbon in automotive engineering, for example. The Benteler SGL joint venture is undertaking pioneering work in the field of automated production technologies and opened a second plant for structural
components in Austria in 2013. This will already run at full capacity by 2016/17. Brembo SGL, our joint venture for carbon-ceramic brake discs, posted record sales revenue in 2013. It also had a very successful start to the current year. These examples demonstrate that the carbon fiber value chain works.

The joint venture with BMW Group, SGL ACF is also worthy of particular note. This joint venture wrote history in November 2013 with the successful market launch of the BMW i3 – the first series production vehicle with a passenger cell made of carbon fiber materials. In connection with this, a second carbon fiber production line was also commissioned in Moses Lake in April 2013. We are currently expanding our production capacities due to strong demand. Moses Lake is the world’s fastest-growing carbon fiber facility at present and is setting new benchmarks for automation and quality standards.

Growth opportunities. Global trends and emerging economies
The Company’s growth opportunities are based on the further development of growing emerging economies in connection with globalization (key word = infrastructural development) and on established global fundamental trends such as urbanization, energy and mobility. The Company serves traditional markets in the course of this as well as a rapidly growing number of new markets. This is based on the unique properties of carbon as a material, without which many applications and products would not be possible in the first place. SGL Group has established leading positions in all these areas thanks to funds invested over the past few years. It is therefore essential that we continue to consolidate this technological position and - above all - return to profitable growth.

Technology & Innovation. Concentration on core areas of research
Growth is the result of innovation. Innovation is essential for a technological company like SGL Group. We need to maintain a healthy balance between savings and investing into the future. As a result, the Company will concentrate on four core areas of research in the future: Synthetic graphite, carbon fibers and composite materials, energy systems (such as lithium ion batteries for smartphones and laptops) and SiC composite materials for applications such as carbon-ceramic brake discs.

SGL Group. Realignment guidelines
We will make SGL Group strong again. The Company needs to return to profitability on a sustainable basis, i.e. it must generate an appropriate return for the Company and its shareholders. Despite necessary savings measures, it will not neglect the need to invest in areas with a promising future. Moreover, we will focus on our materials expertise and further develop our positioning. Carbon is a material for the future. SGL Group has technologies and products that are fit for the future and thanks to SGL 2015 the Company has the right tools in place to achieve success on a lasting basis. We also have brilliant employees. I would like to take this opportunity to pay special thanks for their tremendous sense of dedication and loyalty during these difficult times.