Broad Base. Best Solutions.

SGL GROUP
THE CARBON COMPANY

Berenberg and Goldman Sachs Fifth German Corporate Conference

Munich, Germany

Dr. Jürgen Köhler, CEO

Investor Relations | September 2016

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Introduction to SGL Group's Businesses

Lean organization. Streamlined to two business units and a corporate office

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Main shareholders

Skion ~27% | BMW ~18% | VW ~10%

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Composites – Fibers & Materials (CFM)*	Graphite Materials & Systems (GMS)	Performance Products (PP)
Carbon fibers Fiber-based materials Composite components	Graphite based products and solutions Process technology	Graphite electrodes Cathodes Furnace linings Carbon electrodes

PP carve out finalized and classified as discontinued operations as of June 30, 2016

Corporate Office (T&I and Corporate)
Corporate Functions & Service Centers
Technology & Innovation (T&I)
SGL Excellence (SGL X)

*Includes stakes of 51% in JV with BMW (proportionally consolidated) and 50% each in JVs Ceramic Brake Discs and Automotive Components (at-equity).

SGL Group snapshot.

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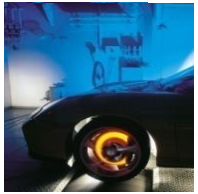





- Sales of ~ €1.3 billion in 2015
- Head office in Wiesbaden/Germany with ~ 5,700 employees worldwide
- One of the world's largest manufacturers of carbon-based products
- Comprehensive portfolio ranging from carbon and graphite products to carbon fibers and composites

- Strong position within each division:
  - CFM: Among Top 3 global carbon fiber producers and no.1 in automotive applications. The only integrated European producer
  - GMS: Leading player in industries with secular growth trends
  - PP (*in process of being divested*): Leading market positions in both graphite electrodes and cathodes

SGL Group snapshot. Operations footprint

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41 production sites* worldwide and service network covering more than 100 countries

- 11 production sites in North America
- 22 production sites in Europe*
- 8 production sites in Asia

* As of December 31, 2015 including PP. Graphite electrode production facility in Frankfurt-Griesheim (Germany) to be permanently closed down in the course of 2016

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Strategic Realignment

Transformation of SGL Group. Guided by clearly defined targets

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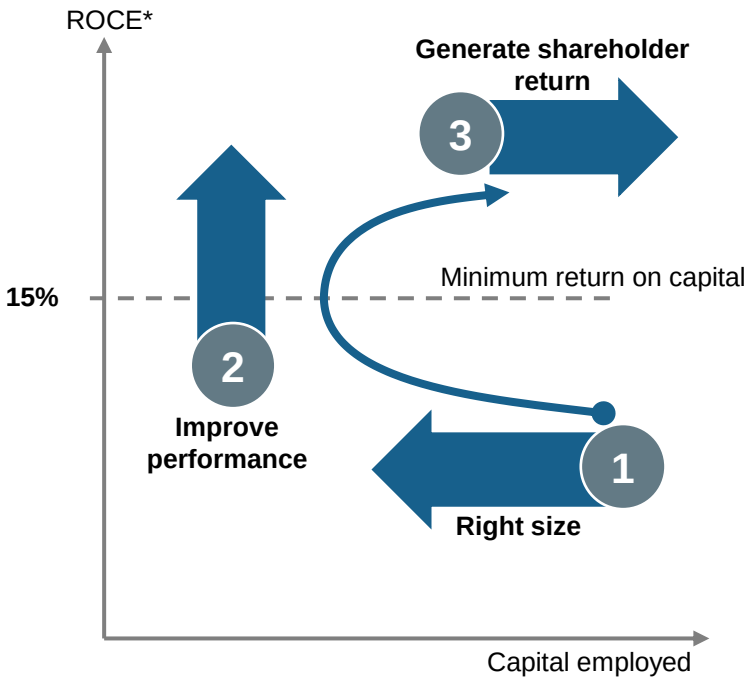
Capital increase 2014 and refinancing of convertible bond 2015 created flexibility for restructuring and repositioning	Stop loss makers and cash drainers by restructuring or disposing	Capex for selective growth opportunities subject to minimum hurdle rates	Return on capital is key management principle for strategic realignment and future investment
Gearing ~ 0.5 **Equity ratio > 30%**	**Net debt/EBITDA < 2.5** **Positive net result**	**Positive free cash flow***	**ROCE ≥ 15%****

* Excluding disposal proceeds
** ROCE defined as EBITDA/Capital employed

How we want to achieve our targets.
Cornerstones of strategic realignment



1) **Right size**
   SGL2015 asset and portfolio restructuring

2) **Improve performance**
   SGL2015 organizational restructuring
   SGL Excellence savings
   BU streamlining
   Process excellence initiatives

3) **Generate shareholder return**
   Define selective growth areas

*EBITDA divided by capital employed

Strategic Repositioning.
Foundation for sustainable profitable growth

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Composites – Fibers & Materials (CFM)	Graphite Materials & Systems (GMS)	Performance Products (PP)
Carbon fibers Fiber –based materials Composite components	Graphite based products and solutions Process technology	Graphite electrodes Cathodes Furnace linings Carbon electrodes

- We want to organically grow our **sales** by more than 50% to above €1.1 billion until 2020 with CFM and GMS.
- Simultaneously, **EBITDA** will grow more than proportionately to sales with a **ROCE** of at least 15%.

- **Legal separation of PP finalized early June 2016.** Prerequisite to flexibly exploit all strategic options.
- At the same time we are **adjusting** the **GE business model** to commodity markets.
- **Discontinued operations** since June 30, 2016, as divestment process progressing as planned

Performance Products (PP). Market leader in cathodes and #2 in graphite electrodes

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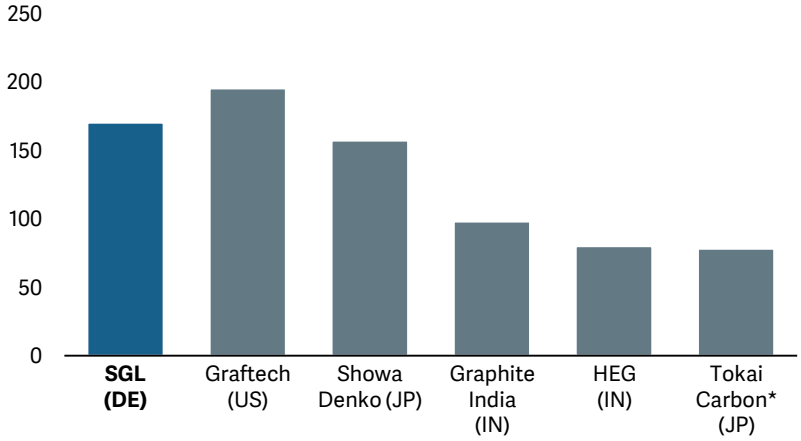
Graphite electrodes for the production of steel (EAF)

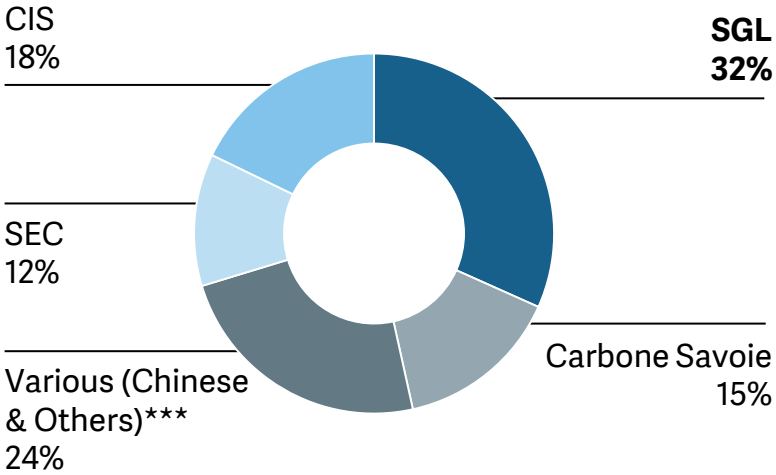
Capacity by competitor in 2015 – UHP / HP-quality** [in tmt]



- **SGL Group is only GE producer with footprint in all 3 major regions EU, NA + Asia**

Cathodes for the production of aluminum

Market shares in cathodes 2015 (volume based)**



Source: SGL Group's own estimates, market shares based on volume (excl. China domestic)
*Announcement on 5 August 2015: graphite electrode capacity reduction by 22kt (Japan)
**Russia and China: Potential UHP capacity dependent on equipment, technical capability and needle coke availability
***Various (Chinese & others): various cathode producers combined in this number, none of them exceeding 5% market share
**** SGL Group's own estimates, market shares based on volume (excl. China domestic); Various (Chinese & others): various cathode producers combined in this number, none of them exceeding 5% market share

Status of PP transaction.
We are confident about a transaction in H2/2016

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- Detailed **information package** was sent to numerous interested parties at the end of April after signing respective NDAs
- Access to **data room**, **management presentations**, **site visits** for selected interested parties
- Based on discussions with both **strategic** and **financial** interested parties, we believe that a new owner for PP is the best way forward for both SGL Group and PP
- We are confident to **sign** a transaction in H2/2016

What SGL Group will look like in the future

SGL Group's ambition in the future.
Carbon and graphite enable global megatrends

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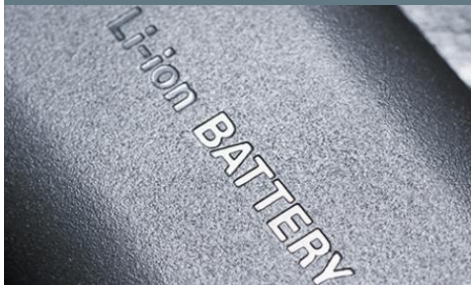
- We specialize in high-performance materials based on carbon and graphite. We are among the innovation leaders in our markets
- Our technologies enable global megatrends e.g. energy, mobility and digitization
- Our long-term goal is to be the development partner for fundamental solutions based on carbon fibers, graphite and composite materials worldwide

Energy



Mobility

Digitization

Composites - Fibers & Materials (CFM). The only integrated European carbon fiber & composites producer

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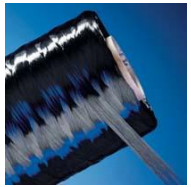
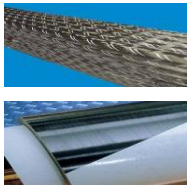
Carbon Fibers & Composite Materials

Raw Material



Carbon Fiber



Composite Materials

PAN Precursor

- **Fisipe**
- **MSP**: JV with Mitsubishi Rayon (33%)

Carbon Fiber

- **Prod. Capacity**
  ~ 4kt in UK
  ~ 2kt in USA
- **SGL ACF**: JV with BMW (51%)
  - up to 9kt in USA

Prepreg Preform

- **SGL epo**
- **SGL Kümpers** (51%)
- **SGL ACF**: JV with BMW (51%)

Composite Components

Refocused on materials and automotive / industrial components

Automotive & industrial

- **Automotive Composites** (50% JV with Benteler)
- **Ceramic Brake Discs** (50% JV with Brembo)

CFM: Specialist for Composites.
Solutions for the material mix of the future

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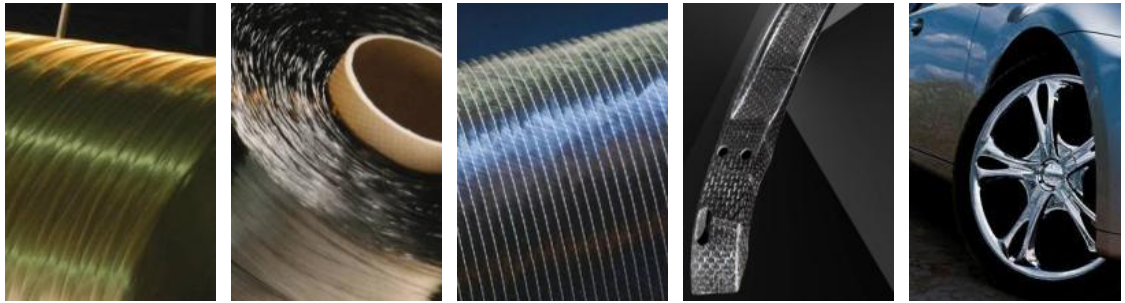
- CFM is the expert for fibers, fiber-based materials, and for composite components. We are the only European carbon fiber products supplier, active along the entire value chain
- With the development of a new generation of industrial carbon fibers we became the technologically leading company. Such fibers offer the same or even higher qualities as other carbon fibers at lower manufacturing costs

Value chain for lightweight construction materials based on carbon fibers



Raw material (PAN precursor) → Carbon fiber → Textile preforms → Components → Parts

- Carbon fiber reinforced plastic is 50 % lighter compared to aluminum and 70% compared to steel
- Significantly lower fuel and kerosene consumption
- Driver for global CO_2-reduction

Graphite Materials & Systems (GMS). Leading player in industries with secular growth trends

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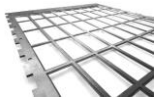
Best solutions for our customers...

- Full integration to ensure consistent quality
- Most comprehensive portfolio in the industry
- Customers from >35 industries

... in the PV, Semiconductor, and LED Industry

Meander heater for CZ units

SiC coated wafer carrier for LED chip production

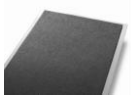


C/C carrier frame for solar wafers

... in the Battery and Energy Storage Industry

Anode material for lithium-ion batteries

Redox flow battery electrode consisting of battery felt and bipolar plate



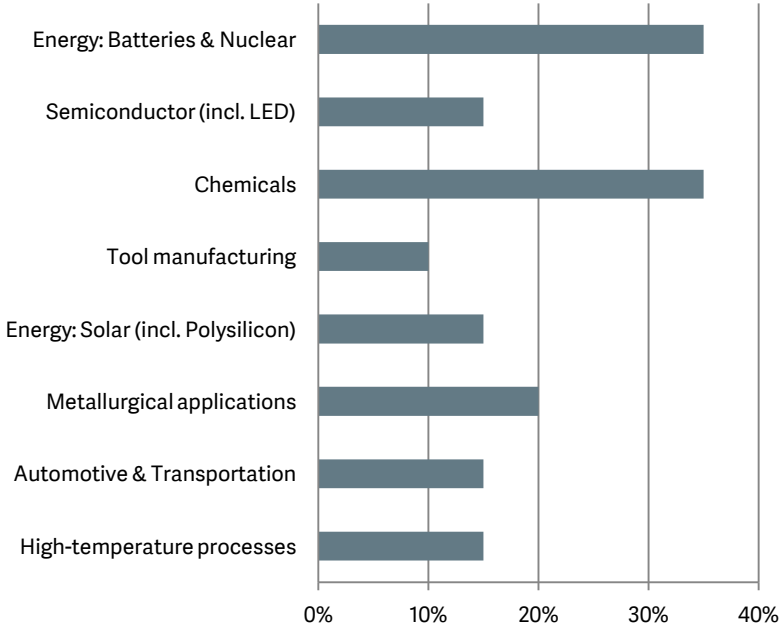
... in the Chemical Industry

Systems & equipment (e.g. syntheses, heat exchangers)

Flexible graphite foil

Reinforced graphite sealing sheet

Global market shares 2015*



High performance materials enabling our customers' success

*SGL Group's own estimates

GMS: Development partner for our customers.
Solutions based on carbon and graphite

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- GMS is a development partner for high-quality graphite-based technological solutions. We offer more than 10,000 products and solutions to over 6,000 customers in 35 industries
- Our material is used where the specific advantages of graphite are required. These include, e.g. heat and corrosion resistance and thermal and electrical conductivity
- GMS is a "hidden champion". In many areas, GMS occupies leading technology positions, e.g. in energy saving, ceramic surface coating and sealing materials

Energy storage

Largest manufacturer of synthetic graphite for the production of lithium-ion batteries

Ceramic surface coating

One of the leading suppliers in the semiconductor industry for graphite based solutions along the entire semiconductor production chain

Sealing materials

World market leader in expanded graphite for companies in the chemical industry

GMS and CFM. Both units serve a broad range of fast growing segments linked to global megatrends

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Growth opportunities

	Energy* ~10%*	Digital Lifestyle 7-9%	Mobility 3-5%
GMS anode materials >10%	Stationary energy storage	Lithium ion batteries	Lithium ion batteries
CFM carbon fibers/materials 6-8%	Wind, Pressure vessels	Mobile 3C devices	Aerospace, Automotive, Pressure vessels
GMS high growth** ~6%	Solar, Polysilicon, LED	LED, Semiconductor	
GMS medium growth*** 3-5%	Solar, Nuclear, Stationary energy storage, Heat recovery, etc.	Sapphire glass	Exhaust gas recirculation, Brake assistant pumps

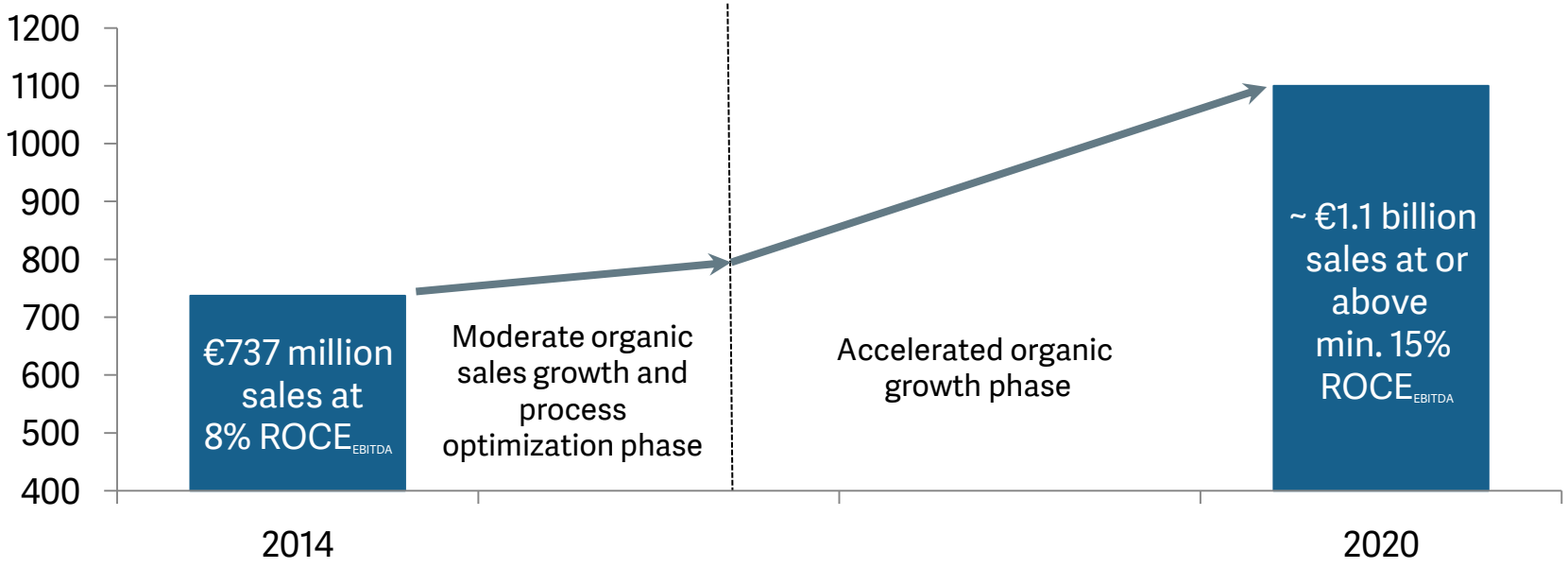
% **Approx. market growth, CAGR 2015-2020**

Market potential 2015: < € 50 mill. > € 50 mill. > € 100 mill.

* Energy efficiency, storage, reversal of energy generation and climate change (10% growth rate represents renewable energy);
** Product Groups: Isostatic, Fiber materials; *** Product Groups: Extruded/Vibro, DieMolded, Expanded, Process technology

Target for GMS and CFM.

Profitable organic sales growth of 50% by 2020



Augmented by potential selective and accretive bolt-on acquisitions to complement our portfolio in terms of region, technology, etc.

Business Units GMS and CFM are the basis of an innovation driven, high growth SGL Group.

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- **GMS and CFM materials and solutions enable several of the fastest growing economic trends** including energy storage, digitization, mobility and urbanization.
- Based on strong positions, **GMS and CFM target to further improve their position in the value chain** with particular emphasis on innovation, high value-add products, services and engineered solutions.
- **Until 2020**, GMS and CFM together aim to **increase their sales revenue by 50%** through **profitable, organic growth** – potentially augmented by **selective and accretive bolt-on acquisitions**.
- EBITDA level is expected to increase significantly, **exceeding** the **minimum EBITDA ROCE margin** of 15%.
- Organic growth can be financed by own operating cash flow.

Summary: Our course is set.
We are pursuing a clear strategy

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- With the PP carve out and its planned divestment we are creating the **prerequisite for a sustainable future** for SGL Group and the business unit.
- The carve out of the profitable business with cathodes, furnace linings, and carbon electrodes in a separate legal entity within PP creates additional options.
- With our focus on CFM and GMS, our **portfolio is better balanced** between markets and industries, thus **reducing the volatility in our business**.
- We command the **technologies and innovations** to benefit from the global megatrends mobility, energy, and digitization.
- SGL Group fulfills all requirements to achieve the targets for 2020: **strong market positions**, **leading technologies**, **and committed employees**.

Implementation is of highest priority in 2016 !

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Thank you for your attention !

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Backup

Latest Financials H1 2016

Composites - Fibers & Materials. Highest result since inception

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in € million	H1/2016	H1/2015
Sales revenue	156.5	161.0
EBITDA*	22.0	14.6
$ROCE_{EBITDA}$ (in %)	10.5	3.8
EBIT*	12.2	3.9
EBIT*-Margin (in %)	7.8	2.4

- **Sales revenue** decreased mainly due to raw material driven sales decline in textile acrylic fibers, where pricing is based on acrylonitrile/crude oil price development
- Significant increase in recurring **EBIT**
  - Completion of ramp up at SGL ACF (joint ventures with BMW Group)
  - Higher volumes and thus better capacity utilization in our own carbon fiber facilities
  - Low single digit million € profit contribution from HITCO materials business due to finalization of two large orders (not to be extrapolated to full year)
  - Improved result from At-Equity investments (now reported in CFM EBIT)
  - SGL Excellence savings of €1.6 million

* Non-recurring charges of €0.0 million in H1/2016 and €0.1 million in H1/2015

Graphite Materials & Systems. Higher EBIT after adjustment of positive one-time effects in H1/2015

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in € million	H1/2016	H1/2015
Sales revenue	218.9	219.0
EBITDA before non-recurring charges*	24.4	27.7
$ROCE_{EBITDA}$ (in %)	13.0	12.6
EBIT before non-recurring charges*	13.5	16.6
EBIT-Margin before non-recurring charges* (in %)	6.2	7.6
EBIT	13.1	16.0

- Stable **sales revenue** (no currency impact)
  - Higher sales from solar, semiconductor, and LED industries
  - Offset by weaker North American business which was negatively impacted by reduced demand from energy related industries due to the low crude oil price
  - Demand for graphite (anode) materials for lithium ion battery industry continued at expected stable levels
- Recurring **EBIT** declined 19% primarily due to non-recurrence of positive one-off effects from last year (gain from land sale and insurance compensations). Adjusted for these one-off effects, the operating result improved by €2 million in the first half year 2016
- **SGL Excellence savings** €4.4 million

* Non-recurring charges of €0.4 million in H1/2016 and €0.6 million in H1/2015

T&I and Corporate. Significantly lower expenses than prior year period

in € million	H1/2016	H1/2015
Sales revenue	4.0	5.3
EBITDA before non-recurring charges*	-12.8	-19.0
EBIT before non-recurring charges*	-16.1	-22.4
EBIT	-15.7	-23.0

- Recurring **EBIT** improved by 28% due to
  - lower provisions resulting from changed variable management remuneration components
  - general cost savings

*Non-recurring effects of €0.4 million in H1/2016 and minus €0.6 million in H1/2015

Group. Strong EBIT improvement driven by CFM, despite non-recurrence of positive one time effects in GMS

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in € million	H1/2016	H1/2015
Sales revenue	379.4	385.3
EBITDA before non-recurring charges	33.6	23.3
$ROCE_{EBITDA}$ (in %)	8.7	3.1
EBIT before non-recurring charges	9.6	-1.9
Non-recurring charges	0.0	-1.4
EBIT	9.6	-3.3
Net financing result	-25.9	-23.2
Results from continuing operations before income taxes	-16.3	-26.5
Income tax expense and non controlling interests	-6.7	-1.3
Discontinued operations	-49.4	-55.9
Consolidated net result attributable to the shareholders of the parent company	-73.2	-85.0

- **Cost savings** from continuing operations of €6 million from SGL2015 in H1/2016, entirely attributable to SGL Excellence. Cost savings incl. discontinued operations reached €16 million in the reporting period and €218 million since inception of the SGL2015 program

Free cash flow. Improvement compared to prior year period in free cash flow from continuing activities

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in € million (continuing activities)	H1/2016	H1/2015
Cash flow from operating activities	-36.0	-103.8
Capital expenditures in property, plant and equipment and intangible assets	-9.2	-22.2
- thereof SGL ACF	*-0.8*	*-8.7*
- thereof SGL Group excluding SGL ACF	*-8.4*	*-13.5*
Cash flow from other investing activities*	-1.3	9.3
Free cash flow	-46.5	-116.7
Free cash flow from discontinued operations	-40.0	-7.5

- **Cash flow from operating activities** improved strongly by more than €60 million as a result of a higher result from continuing operations before taxes, the reduced working capital buildup in the reporting period, and the non-recurrence of negative cash effects from the termination of USD hedges in the previous year
- **Free cash flow from discontinued operations** included approx. €20 million cash-out for restructuring, particularly relating to the closure of the GE plant in Frankfurt-Griesheim, approx. €6 million for strategic projects (carve out, etc.) as well payments of approx. €16 million in connection with the disposal of HITCO's aerostructures activities

*Dividends received, payments for capital contributions in At-Equity accounted investments and other financial assets, proceeds from sale of intangible assets and property, plant and equipment

Balance sheet. Sufficient liquidity despite deteriorated ratios

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in € million	30.06.2016	31.12.2015
Equity ratio (in %)	9.9	15.6
Total liquidity (incl. discontinued activities)	161.5	250.8
Net financial debt	619.9	534.2
Gearing (net debt/equity)	3.61	1.85

- **Equity ratio** declined due to the net loss of €73 million as well as the further adjustment of pension liabilities in Germany and the US based on lower long-term interest rates (impact on equity: minus €38 million after taxes)
- Higher **net financial debt** reflects mainly the reduced liquidity, resulting primarily from the buildup of working capital, as well as to one-time cash outflows in connection with the closure of the graphite electrode plant in Frankfurt-Griesheim and payments relating to the sale of HITCO's aerostructures business
- **Liquidity** at end of H1/2016 sufficient to more than cover expected operational cash outflow in 2016
- €200 million **syndicated loan** available and undrawn
- No **maturities** of any of our **financial debt** instruments until **January 2018** (convertible bond 2012/2018)

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Backup

Outlook

Business unit outlook 2016. Strong EBIT improvement in CFM accompanied by a stable trend in GMS

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- **Composites – Fibers & Materials** (CFM): Close to stable sales and strong EBIT* improvement. Higher sales with fibers and materials for composites to be offset by crude oil based pricing of textile acrylic fibers business. EBIT* improvement based on higher volumes and cost savings. H1/2016 not to be extrapolated to full year as positively impacted by non-recurring high invoicing in HITCO's materials business during Q1/2016

- **Graphite Materials & Systems** (GMS): Stable sales and stable EBIT*. Weaker demand from energy-related industries particularly in North America and a general economic uncertainty to be compensated by higher demand from solar, semiconductor, and LED industries and continued stable demand from lithium ion battery industry. EBIT* to remain stable despite non-recurrence of positive one-time effects of the prior year due to anticipated higher volume in certain industries and cost savings. $ROCE_{EBITDA}$ should continue to be close to our min. 15% Group target

- **T&I and Corporate:** Slightly higher expenses due to non-recurrence of positive one-off effects of the prior year

*before non-recurring effects

Group outlook 2016. Group KPIs partially benefitting from new group structure

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- Full year **Group sales** slightly lower
- **Group recurring EBITDA* and EBIT***: Slight increase. Adjusted for positive one-time effects from previous year, EBIT expected to increase significantly
- **Net result** to improve due to lower restructuring and other non recurring expenses but remaining in negative territory
- **Capex** substantially below prior year level and again significantly below D&A of approx. €50 million
- **Free cash flow**: expected on prior year level
  - Improved free cash flow from continuing operations due to better operational result and lower capex as well as non-recurrence of cash out for termination of USD-hedges in prior year
  - Offset by higher cash out for discontinued operations mainly driven by restructuring cash out for discontinued business unit PP
- **ROCE** to improve in line with EBIT and EBITDA development

*before non-recurring effects

2016 negative free cash flow more than proportionately skewed to H1.

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- H1 showed a typical seasonal working capital buildup plus a scheduled payment to Avcorp (buyer of HITCO's aerostructure activities) in January 2016 as well as expected restructuring cash out related to Frankfurt-Griesheim site closure in Q2
- Operationally, as expected, free cash flow started to improve from Q2 onwards

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Appendix

Global presence

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11 production sites North America	21 production sites Europe	8 production sites Asia

Shares in issue and shareholder structure.

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Basic shares	
Security Identification Number	723530
ISIN Number	DE0007235301
Cusip Number	784 188 203
Number of Shares (as at August 31, 2016)	92,341,478
Free float	~ 37%

Reported shareholdings according to §§ 21 f. WpHG		
SKion GmbH	(Oct 15, 2014)	27.46%
BMW AG	(Oct 15, 2014)	18.44%
Volkswagen AG	(Jun 1, 2016)	9.82%

Furthermore, and based on the respective voting rights announcements we received, Voith GmbH, Heidenheim, currently holds more than 5% of the voting rights of SGL Carbon SE.

Debt market instruments.

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Corporate bond	
Coupon	4.875%
Principal Amount	€ 250 million
Issue Date	12 December 2013
Date of Maturity	15 January 2021

Convertible notes 2012/2018	
Coupon	2.75%
Principal Amount	€ 240 million
Adjusted Conversion Price	€ 40.9598
Conversion Right (as at August 31, 2016)	5.86 million shares
Issue Date	25 April 2012
Date of Maturity	25 January 2018

Convertible notes 2015/2020	
Coupon	3.5%
Principal Amount	€ 167 million
Conversion Price	€ 18.6451
Conversion Right (as at August 31, 2016)	8.96 million shares
Issue Date	14 September 2015
Date of Maturity	30 September 2020

Performance Products. Reclassified to discontinued operations as of June 30, 2016

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in € million	H1/2016	H1/2015
Sales revenue	208.6	269.8
EBITDA before non-recurring charges*	-5.5	37.8
EBIT before non-recurring charges*	-19.8	16.9
EBIT-Margin before non-recurring charges* (in %)	-9.5	6.3
EBIT	-24.9	12.7

- Lower **sales revenue** (-23%) due to
  - price decline in graphite electrodes
  - more than offsetting improvement in remaining PP businesses (cathodes, furnace linings, and carbon electrodes)
  - on the encouraging side, volumes in GE stabilized at low levels and even showed a slight increase compared to the prior year period
- **EBIT** declined to minus €19.8 million from €16.9 million in the prior year period mainly due to
  - renewed price pressure on graphite electrodes
  - cost savings from both raw material price developments as well as from SGL Excellence and other projects (€10.0 million) were unable to compensate for the GE price effect

* Non-recurring charges of €5.1 million in H1/2016 and €4.2 million in H1/2015 (mainly)

Financial calendar / contact details.

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Financial calendar 2016

March 23, 2016	Annual Report 2015
May 12, 2016	Report on the first quarter 2016
May 18, 2016	Annual General Meeting
August 11, 2016	Report on the first half year 2016
November 10, 2016	Report on the first nine months 2016

Contact

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Important note.

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