SGL GROUP
THE CARBON COMPANY

Our path forward.

Focused. Sustainable. Committed.

Report on the first half year **2016**

Summary

- Business unit PP classified as discontinued operations based on completed legal separation and progress in ongoing disposal process
- CFM generated highest half year result (EBIT of €12 million) since inception
- Adjusted for one-time effects in prior year GMS also posted higher EBIT
- H1/2016 recurring Group EBIT €10 million (H1/2015: minus €2 million) on nearly stable Group sales of €379 million (H1/2015: €385 million)
- March and May 2016 guidance now adjusted to the new Group structure: Group sales slightly below prior year level and slight increase in Group EBIT

Financial highlights

	1st Half Year		
€ million	**2016**	2015	Change
Sales revenue	379.4	385.3	–1.5%
EBITDA before non-recurring charges	33.6	23.3	44.2%
Operating result/EBIT before non-recurring charges	9.6	–1.9	>100.0%
Return on sales (EBIT-margin)[1]	2.5%	–0.5%	-
Return on capital employed (ROCE $_{EBITDA}$)[2]	8.7%	3.1%	-
Operating Result/EBIT	9.6	–3.3	>100.0%
Result from discontinued operations, net of income taxes	–49.4	–55.9	11.6%
Consolidated net result (attributable to shareholders of the parent company)	–73.2	–85.0	13.9%

€ million	**Jun. 30, 16**	Dec. 31, 15	Change
Total assets	1,743.7	1,856.1	–6.1%
Equity attributable to the shareholders of the parent company	171.9	289.3	–40.6%
Net financial debt	619.9	534.2	16.0%
Gearing[3]	3.61	1.85	-
Equity ratio[4]	9.9%	15.6%	-

1) Ratio of EBIT before non-recurring charges to sales revenue
2) EBITDA for the last twelve months before non-recurring charges to average capital employed - continuing operations (total of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity and working capital)
3) Net financial debt divided by equity attributable to the shareholders of the parent company
4) Equity attributable to the shareholders of the parent company divided by total assets

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Interim Group Management Report

Economic Environment

In its recent global economic outlook of July 2016, the International Monetary Fund (IMF) again reduced its expectations for global growth for 2016 and 2017 by 0.1%-points each to 3.1% for 2016 and to 3.4% for 2017. As a result, the expected growth rate for 2016 remains on the same level as in the prior year and thus slightly below the 3.3% and 3.4% recorded in the years 2013 and 2014. In relative terms, particularly compared to the April 2016 outlook, the growth expectations for 2016 have declined for the developed economies (minus 0.1%-points) while there was no change to the 2016 growth expectations for the developing and emerging countries. On the whole, according to the IMF, growth risks prevail for the global economy, intensified by the British decision on June 23, 2016 to leave the European Union („Brexit“).

Key events of the business development

Strategic realignment of business unit PP

Initiated in July 2015, SGL Group has successfully completed the legal carve-out of its business unit Performance Products (PP) in the second quarter 2016 and thus earlier than originally planned.

The process of evaluating strategic options continues as planned. After mandating two investment banks, one law firm and one audit firm, the project team was already complete by the first quarter of this year. At end of April 2016, a comprehensive information package was distributed to numerous interested parties that had signed a confidentiality agreement. Based on the ensuing discussions with potential interested parties, it has become evident, that a disinvestment of the business unit PP is likely to be the most value creating way forward, both for SGL Group as well as for the business unit PP. We are striving for a signing of the transaction in the current year.

The criteria for classifying PP as held for sale and as a discontinued operation were met at the end of the second quarter 2016, as the execution of a sale within one year is estimated as being highly probable. For more information regarding classification and valuation of assets held for sale as well as discontinued operations please see Note 2 „Summary of significant accounting policies“ in the notes to the consolidated financial statements of SGL Group as of December 31, 2015.

The financial figures in this half year report 2016 and the prior period were adjusted for PP (excluding the prior period balance sheet and related note disclosures). All assets and liabilities allocated to PP as of June 30, 2016 are presented separately in the consolidated balance sheet as "Assets held for sale" resp. “Liabilities in connection with assets held for sale“.

Successful implementation of SGL2015 cost savings program

By the end of the reporting period, cumulative savings totaling €218 million (including savings related to discontinued operations of PP) had already been realized. The cumulative savings target of €240 million is expected to be reached during the current year (compared to base year 2012).

The measures of the cost savings program SGL2015 will be successfully completed this year. Accordingly, no SGL2015 cost savings have been incurred in the business units CFM and GMS in the reporting period. We therefore only report the cost savings relating to our SGL Excellence initiative in the segment reporting.

Business development

Segment reporting

Following the classification of the business unit PP as discontinued operations as of June 30, 2016, this business unit will no longer be reported in the segment reporting as of this report.

As already explained in the report on the first quarter 2016, all activities relating to carbon fiber and composite materials are being managed under one uniform leadership since January 1, 2016. Since our At-Equity accounted investments mainly concern activities within the carbon fiber value chain, the results from investments accounted for At-Equity will from the fiscal year 2016 onwards be allocated to the reporting segment CFM and reported within the EBIT line (previously reported separately below EBIT). This altered disclosure better reflects the operational character of the At-Equity accounted investments. Prior year figures were adjusted accordingly.

Reporting segment Composites – Fibers & Materials (CFM)

	1st Half Year		
€ million	**2016**	2015	Change
Sales revenue	156.5	161.0	–2.8%
EBITDA before non-recurring charges [1]	22.0	14.6	50.7%
Return on capital employed (ROCE $_{EBITDA}$)	10.5%	3.8%	-
EBIT before non-recurring charges [1]	12.2	3.9	>100.0%
Return on sales (EBIT-margin)[1]	7.8%	2.4%	-
Operating Result/EBIT	12.2	3.8	>100.0%

[1] Non-recurring charges of €0.0 million and €0.1 million in the first half year 2016 and 2015, respectively

Sales in the reporting segment Composites – Fibers & Materials decreased slightly by 3% (currency adjusted by 2%) in the first half year 2016 to €156.5 million (H1/2015: €161.0 million). A series of factors need to be considered in this context. The former materials business of

HITCO, which has been allocated to the reporting segment CFM since year-end 2015, contributed positively to the sales development in the first half year 2016. While sales in the carbon fiber and particularly in the composite materials business recorded favorable growth, the acrylic fiber business despite higher volumes posted substantial lower sales based on lower raw material (acrylonitrile) prices, resulting from the depressed oil price.

The two major At-Equity accounted investments relate to our businesses Ceramic Brake Discs (Brembo SGL; development and production of carbon ceramic brake discs in Italy and Germany) and Automotive Composites (Benteler SGL; development and production of GFRP and CFRP components for the automotive industry in Austria). Sales of all At-Equity accounted investments at €122.4 million in the first half year 2016 remained on the same level as in the prior year (H1/2015: €121.1 million, 100% values for companies) and is not included in out consolidated Group sales figure. Higher sales with Ceramic Brake Discs was almost entirely offset by the sales decline in the other At-Equity accounted investments.

Recurring EBIT in the first half year 2016 improved significantly to €12.2 million compared to €3.9 million in the same period of the prior year, leading to an EBIT margin of 7.8% (H1/2015: 2.4%). As anticipated, the highest earnings increase was posted by SGL ACF, our joint ventures with BMW Group, primarily because the joint ventures are no longer incurring start up costs. The high level of capacity utilization in our own carbon fiber production facilities also had a positive effect on earnings. As already outlined in the report on the first quarter 2016, two large projects were invoiced in the reporting period, which is the reason why the result in the first half year 2016 cannot be extrapolated to the full year. The result from At-Equity accounted investments improved to €3.3 million in the reporting period compared to the prior year (€0.7 million), primarily due to the continued favorable business development in Ceramic Brake Discs in the first half year 2016.

Cost savings from our SGL Excellence initiative amounted to €1.6 million in the reporting period (H1/2015: €1.0 million).

Non-recurring charges related to SGL2015 were not incurred in the reporting segment CFM (H1/2015: €0.1 million).

Reporting segment Graphite Materials & Systems (GMS)

	1st Half Year		
€ million	**2016**	2015	Change
Sales revenue	218.9	219.0	0.0%
EBITDA before non-recurring charges [1)]	24.4	27.7	–11.9%
Return on capital employed (ROCE $_{EBITDA}$)	13.0%	12.6%	-
EBIT before non-recurring charges [1)]	13.5	16.6	–18.7%
Return on sales (EBIT-margin)[1)]	6.2%	7.6%	-
Operating Result/EBIT	13.1	16.0	–18.1%

[1)] Non-recurring charges of €0.4 million and €0.6 million in the first half year 2016 and 2015, respectively

In the reporting period, sales in the reporting segment Graphite Materials & Systems at €218.9 million remained on the same level as in the prior year (H1/2015: €219.0 million). Currency effects had no impact on the sales development.

From a regional perspective, our isostatic graphite and fiber materials based business developed well in Europe and volume-wise also in Asia, particularly with customers from the solar, LED, and semiconductor industries. In contrast, the North American business was negatively impacted by the reduced demand from energy related industries due to the low crude oil price, burdening particularly our apparatus engineering business and products based on extruded graphite. Demand for our anode materials for the lithium ion battery industry developed at anticipated stable levels.

Recurring EBIT decreased by 19% to €13.5 million (H1/2015: €16.6 million) mainly due to the non-recurrence of positive one-time effects in the prior year (land sale and insurance compensations). Adjusted for the prior year one-time effects, the operating result improved by approx. €2 million in the first half year 2016 due to cost savings. The EBIT margin amounted to 6.2% (H1/2015: 7.6%).

Cost savings from our SGL Excellence initiative amounted to €4.4 million in the reporting period (H1/2015: €4.1 million).

Non-recurring charges relating to SGL2015 of €0.4 million were incurred in the reporting period in the reporting segment GMS (H1/2015: €0.6 million). Accordingly, EBIT after non-recurring charges amounted to €13.1 million in the first half year 2016 (H1/2015: €16.0 million).

Reporting segment T&I and Corporate

	1st Half Year		
€ million	**2016**	2015	Change
Sales revenue	4.0	5.3	–24.5%
EBITDA before non-recurring charges [1]	–12.8	–19.0	32.6%
EBIT before non-recurring charges [1]	–16.1	–22.4	28.1%
Operating Result/EBIT	–15.7	–23.0	31.7%

[1] Non-recurring items of €0.4 million and minus €0.6 million in the first half year 2016 and 2015, respectively

Recurring EBIT in the reporting segment T&I and Corporate improved by 28% to minus €16.1 million (H1/2015: minus €22.4 million) as a result of the changed management incentive structure and due to further cost savings.

Non-recurring gains of €0.4 million were incurred in the reporting period in the reporting segment T&I and Corporate (H1/2015: charges of €0.6 million). Accordingly, EBIT after non-recurring items amounted to minus €15.7 million in the reporting period (H1/2015: minus €23.0 million).

Group business development

Condensed Consolidated Income Statement

	1st Half Year		
€ million	**2016**	2015	Change
Sales revenue	**379.4**	**385.3**	**–1.5%**
Cost of sales	–307.7	–321.4	4.3%
Gross profit	**71.7**	**63.9**	**12.2%**
Selling, administrative and R&D expense	–79.7	–79.7	0.0%
Other operating income/expense	14.3	13.9	2.9%
Result from investments accounted for At-Equity	3.3	0.0	–
Operating result/EBIT before non-recurring charges	**9.6**	**–1.9**	**>100.0%**
Restructuring expenses	0.0	–1.4	100.0%
Operating Result/EBIT	**9.6**	**–3.3**	**>100.0%**
EBITDA before non-recurring charges	**33.6**	**23.3**	**44.2%**

In comparison to virtually stable Group sales compared to the prior year period (currency adjusted decrease by 1%), cost of goods sold decreased by 4% compared to the prior year period, mainly due to savings in personnel expenses as well as reduced raw material and energy costs.

Accordingly, gross margin increased significantly to 18.9% compared to 16.6% in the prior year period.

Selling, administrative, and R&D expenses at €79.7 million remained on the same level as in the prior year. Higher expenses for research and development, mainly relating to the construction of the new Lightweight Application Center in Meitingen in the business unit CFM, were offset by lower administrative expenses.

Since the beginning of the fiscal year 2016, the results from At-Equity accounted investments are reported in the EBIT line and allocated to the reporting segment CFM (previously reported in a separate line item below EBIT). This altered disclosure better reflects the operational nature of the At-Equity accounted investments. Prior year figures were adjusted accordingly.

Recurring Group EBIT increased significantly to €9.6 million in the reporting period after minus €1.9 million in the prior year period due to improved earnings in the business unit CFM and despite the non-recurrence of one-time earnings in the business unit GMS.

Savings from SGL2015 amounted to €6.0 million in the Group, which relate to our SGL Excellence initiative (not considering SGL2015 savings of the discontinued operations PP amounting to €10.0 million).

In the first half 2016 no major non-recurring charges were incurred. Non-recurring charges in the prior year period totaled €1.4 million. Accordingly, Group EBIT after non-recurring charges amounted to €9.6 million (H1/2015: minus €3.3 million).

Net financing result

	1st Half Year		
€ million	**2016**	2015	Change
Interest income	0.3	0.3	0.0%
Interest expense	–15.7	–14.4	–9.0%
Imputed interest convertible bonds (non-cash)	–4.0	–4.5	11.1%
Interest expense on pensions	–3.9	–3.4	–14.7%
Interest expense, net	**–23.3**	**–22.0**	**–5.9%**
Amortization of refinancing costs (non-cash)	–1.6	–1.4	–14.3%
Foreign currency valuation of Group loans (non-cash)	–0.1	0.5	>–100.0%
Other financial expense	–0.9	–0.3	>–100.0%
Other financing result	**–2.6**	**–1.2**	**>–100.0%**
Net financing result	**–25.9**	**–23.2**	**–11.6%**

Interest expense related particularly to the 4.875% per annum cash coupon on the corporate bond as well as the 3.5% per annum and the 2.75% per annum cash coupons on the two convertible bonds 2015/2020 and 2012/2018, respectively. The non-cash imputed interest on the convertible bonds is recognized in order to adjust the coupon on the convertible bonds to comparable interest rates at the time of their issuance.

The decline in the net interest expense compared to the prior year period is mainly the result of €0.6 million increased interest expense of the convertible note 2015/2020 issued in 2015 (3.5% coupon, €167 million nominal volume), which replaced the convertible note 2009/2016 (3.5% coupon, €135 million outstanding volume), and due to lower capitalization of interest in connection with long-term investment projects. In addition, net financing costs were impacted by higher interest expenses on pension provisions amounting to €3.9 million (H1/2015: € 3.4 million) and the rise in other financial expenses to €0.9 million due to expenses in connection with financing activities (H1/2015: €0.3 million).

Condensed Consolidated Income Statement (continued)

	1st Half Year		
€ million	**2016**	2015	Change
Operating Result/EBIT	**9.6**	**–3.3**	**>100.0%**
Net financing result	–25.9	–23.2	–11.6%
Result from continuing operations before income taxes	**–16.3**	**–26.5**	**38.5%**
Income tax expense	–6.7	–1.3	>–100.0%
Result from continuing operations	**–23.0**	**–27.8**	**17.3%**
Result from discontinued operations, net of income taxes	–49.4	–55.9	11.6%
Net result for the period	**–72.4**	**–83.7**	**13.5%**
Attributable to:			
Non-controlling interests	0.8	1.3	38.5%
Consolidated net result (attributable to shareholders of the parent company)	–73.2	–85.0	13.9%
Earnings per share, basic and diluted (in €)	–0.80	–0.93	14.0%
Earnings per share continuing operations, basic and diluted (in €)	–0.26	–0.32	18.8%

Result from continuing operations

Due to the developments described above, the result from continuing operations before taxes improved from minus €26.5 million in the prior year period to minus €16.3 million in the reporting period. Income tax expense rose to €6.7 million compared to €1.3 million in the prior year period, mainly due to higher results at profitable Group companies.

Result from discontinued operations after taxes and net result for the period

The result from discontinued operations includes income and expenses incurred by the business unit Performance Products (PP) und Aerostructures (HITCO). The loss from discontinued operations after taxes amounted to €49.4 million in the reporting period compared to a prior period loss of €55.9 million and consists of the following items:

€ million	1st Half Year	
	2016	2015
Performance Products (PP)	–47.9	9.0
Business activity Aerostructures (HITCO)	–1.5	–64.9
Sum	**–49.4**	**–55.9**

The result of discontinued operations PP continues to be characterized by a significant price decline for graphite electrodes, while the delivery volumes increased slightly. The business with cathodes, furnace linings and carbon electrodes has also developed well within our expectations. In addition, the result of discontinued operations is burdened by a one-time deferred tax impact amounting to minus €14 million mainly due to the legal separation of the PP business. The significant decrease in the losses at HITCO compared to the prior year period is the result of the completed disposal of the Aerostructures activities in 2015. In the reporting period, disposal-related follow-up costs of €1.5 million were incurred at Aerostructures.

After consideration of income taxes, the consolidated net result amounted to minus €73.2 million in the reporting period compared to minus €85.0 million in the first half 2015 (after deduction of non-controlling interests of €0.8 million and €1.3 million, respectively).

Balance sheet structure

While reviewing the items on the balance sheet, it has to be considered that assets and liabilities relating to the business unit PP are classified as assets held for sale as of June 30, 2016. December 31, 2015 figures were not adjusted.

ASSETS € million	Jun. 30, 16	Dec. 31, 15	Change
Non-current assets	626.9	939.6	–33.3%
Current assets	535.2	901.8	–40.7%
Assets held for sale	581.6	14.7	>100.0%
Total assets	**1,743.7**	**1,856.1**	**–6.1%**
EQUITY AND LIABILITIES € million			
Equity attributable to the shareholders of the parent company	171.9	289.3	–40.6%
Non-controlling interests	16.3	16.5	–1.2%
Total equity	**188.2**	**305.8**	**–38.5%**
Non-current liabilities	1,113.0	1,204.8	–7.6%
Current liabilities	197.9	345.5	–42.7%
Liabilities in connection with assets held for sale	244.6	0.0	–
Total equity and liabilities	**1,743.7**	**1,856.1**	**–6.1%**

Total assets as of June 30, 2016, decreased by €112.4 million or 6.1% to €1,743.7 million compared to December 31, 2015. The decrease in total assets is primarily attributable to the lower liquidity and a targeted reduction in inventory in the discontinued business unit PP (included in assets held for sale). In contrast, current assets slightly increased (adjusted for the reclassification of PP into assets held for sale) due to the planned increase in inventories in the business unit GMS. Currency effects decreased total assets by €7.6 million. The increase in non-current liabilities has to be seen in connection with the adjustment in pension discount rates to the expected lower long-term interest environment in Germany and the US by minus 0.75%-points each to 1.50% and to 3.50%, respectively, resulting in an increase of €55.5 million for this balance sheet item.

The decrease in current liabilities by €23.3 million (adjusted for the reclassification of PP) is mainly related to a reduction in trade accounts payable since year-end 2015 by €15.4 million to €80.5 million due, among others, to lower raw material costs and reduced investment activities. Furthermore, the first of two installments of a purchase price liability due to the purchaser of HITCO's Aerostructures business outstanding as at year-end 2015, was paid during the reporting period as contractually agreed.

Working Capital

€ million	Jun. 30, 16	Dec. 31, 15 [1]	Change
Inventories	263.1	258.8	1.7%
Trade receivables	106.5	92.2	15.5%
Trade payables	–80.5	–95.9	16.1%
Working Capital	**289.1**	**255.1**	**13.3%**

[1] Adjusted by the assets and liabilities of PP

The increase in inventories is related to the business unit GMS, due to targeted higher inventories for the lithium ion battery business in anticipation of higher deliveries in the second half 2016. In addition, the increase in trade receivables had an impact, mainly in the business unit GMS and the material business of the business unit CFM. However, overall, working capital increased during the first half 2016 due to the significant reduction of trade payables, resulting from lower raw material costs and reduced investment activities.

Changes in equity

As of June 30, 2016, equity attributable to the shareholders of the parent company amounted to €171.9 million (December 31, 2015: €289.3 million). The reduction is due to the negative consolidated net result of €73.2 million one the one hand, and the adjustment of the interest rate for pension provision calculations in Germany and the US on the other hand, which decreased equity by €37.7 million (after tax).

Overall, the equity ratio declined to 9.9% compared to 15.6% as of December 31, 2015.

Net financial debt

€ million	Jun. 30, 16	Dec. 31, 15	Change
Carrying amount of current and non-current financial liabilities	746.7	744.8	0.3%
Remaining imputed interest for the convertible bonds	24.7	28.6	–13.6%
Accrued refinancing cost	10.0	11.6	–13.8%
Total financial debt (nominal amount)	**781.4**	**785.0**	**–0.5%**
Liquidity - continuing operations	141.9	228.8	–38.0%
Liquidity - discontinued operations	19.6	22.0	–10.9%
Total liquidity	**161.5**	**250.8**	**–35.6%**
Net financial debt - continuing and discontnued operations	**619.9**	**534.2**	**16.0%**
thereof: SGL ACF			
Non-current financial liabilities	120.9	125.4	–3.6%
Cash and cash equivalents	5.7	9.9	–42.4%
Net financial debt SGL ACF	115.2	115.5	–0.3%
Net financial debt without SGL ACF	**504.7**	**418.7**	**20.5%**

The financial debt mainly includes our corporate bond, the convertible bonds and the netted amounts of the remaining imputed interest component and the refinancing costs.

As of June 30, 2016, net debt increased by €85.7 million or 16% to €619.9 million. This development is mainly attributable to the decrease in liquidity by €86.9 million. This change primarily resulted from the buildup of working capital due to the decrease in trade payables, as well as to one-time cash outflows in connection with the closure of the graphite electrode production site in Frankfurt-Griesheim (Germany) and the partial payment of the negative purchase price for HITCO's Aerostructures business.

Free cash flow

	1st Half Year	
€ million	**2016**	2015
Cash flow from operating activities		
Result from continuing operations before income taxes	–16.3	–26.5
Non-recurring charges	0.0	1.4
Depreciation/amortization expense	24.0	25.1
Changes in working capital (net)	–35.1	–78.8
Miscellaneous items	–8.6	–25.0
Cash flow from operating activities - continuing operations	**–36.0**	**–103.8**
Cash flow from operating activities - discontinued operations	–20.1	2.8
Cash flow from operating activities - continuing and discontinued operations	**–56.1**	**–101.0**
Cash flow from investing activities		
Payments to purchase intangible assets and property and plant and equipment (without SGL ACF)	–8.4	–13.5
Payments to purchase intangible assets and property, plant and equipment (SGL ACF)	–0.8	–8.7
Proceeds from the sale of intangible assets and property, plant & equipment	0.1	3.0
Dividend payments from investments accounted for At-Equity	3.0	7.0
Payments for capital contributions concerning investments accounted for At-Equity and investments in other financial assets	–4.4	–0.7
Cash flow from investing activities - continuing operations	**–10.5**	**–12.9**
Cash flow from investing activities - discontinued operations	–19.9	–10.3
Cash flow from investing activities - continuing and discontinued operations	**–30.4**	**–23.2**
Free cash flow [1] - continuing operations	–46.5	–116.7
Free cash flow [1] - discontinued operations	–40.0	–7.5

[1] Defined as cash flow from operating activities minus cash flow from investing activities

Cash flow from operating activities – continuing operations – improved to minus €36.0 million in the first half 2016 after minus €103.8 million in the prior year period. This development is attributable to the cash effects of unwinding USD currency hedges in the first half 2015, as well as to the lower buildup of working capital in the first half 2016 compared to the prior year period.

Total free cash flow in the reporting period improved to minus €46.5 million compared to the prior year period (H1/2015: minus €116.7 million).

Free cash flow from discontinued operations amounted to minus €40.0 million in the reporting period (H1/2015: minus €7.5 million) and comprised of restructuring payments of approximately €20 million, particularly for the closure of the graphite electrode site in Frankfurt-Griesheim (Germany) in the discontinued business unit PP, as well as payments related to the disposal of HITCO's Aerostructures business amounting to €16 million.

Employees

The following tables provide information on the headcount development according to reporting segments and to geographical regions:

Headcount	Jun. 30, 16	Dec. 31, 15	Change
Composites - Fibers & Materials	1,141	1,148	–0.6%
Graphite Materials & Systems	2,473	2,504	–1.2%
T&I and Corporate	318	433	–26.6%
Total continuing operations	**3,932**	**4,085**	**–3.7%**
Discontinued operations (PP)	1,491	1,573	–5.2%
Total SGL Group	**5,423**	**5,658**	**–4.2%**

Headcount	Jun. 30, 16	Dec. 31, 15	Change
Germany	1,763	1,796	–1.8%
Europe excluding Germany	1,002	1,061	–5.6%
North America	721	747	–3.5%
Asia	446	481	–7.3%
Total continuing operations	**3,932**	**4,085**	**–3.7%**
Discontinued operations (PP)	1,491	1,573	–5.2%
Total SGL Group	**5,423**	**5,658**	**–4.2%**

The number of employees in our continuing businesses amounted to 5,423 as of June 30, 2016 (December 31, 2015: 5,658). The reduction of 235 employees in the first half 2016 reflects the closure of our production site in Frankfurt-Griesheim (Germany) and continuing effects from the implementation of SGL2015 measures.

Historically, the employees of shared service functions were allocated to the reporting segments based on performance related keys. Because of the classification of the business unit PP as discontinued operations, the prior year figures were adjusted for the employees formerly allocated to PP, resulting in a lower headcount for PP and a higher headcount for T&I and Corporate.

During the course of this year, part of these employees of T&I and Corporate were assigned to PP and GMS. The sharp decline in headcount of T&I and Corporate as of June 30, 2016 compared to year-end 2015 has to be seen in this context. However, the headcount of T&I and Corporate still includes employees, who provide services to the discontinued business unit PP.

Compared to the year-end 2012 (6,686 employees), which is the starting point of our cost savings program SGL2015, the number of SGL Group employees (excluding SGL ACF) decreased by 1,460, of which 339 relate to the sale of our rotor blades activities, 398 to the sale of Aerostructures and the remainder to the ongoing organizational and asset restructuring measures.

Opportunities and risks

Regarding existing opportunities and risks, we refer to the annual report for the financial year ended December 31, 2015, as well as to the following statements.

Opportunities might result from a more positive development of the global economy and our customer industries. The successful implementation of the SGL2015 cost savings program also offers favorable opportunities for our Company. Our competitive position will be strengthened by an improved cost position, lean administrative structures together with more efficient and adapted production capacities. In addition, we see considerable opportunities in the growing usage of carbon fiber composite materials in the automotive industry, which can significantly improve our mid-term earnings expectations. We also see good growth opportunities for our anode materials for lithium ion batteries. Additional opportunities could result from a further devaluation of the Euro against the US dollar. First signs of recovery in the raw materials markets may directly or indirectly support a strengthening of margins.

In our discontinued reporting segment Performance Products PP, a possible industry consolidation in the market for graphite electrodes will reduce the imbalance between demand and supply leading to improved margins for the remaining market participants. New or increased import duties in the steel sector could also positively impact this business.

At present stage, we continue to see risks in competitive behavior, the supply and demand development and regional and global economic trends. The continuing sovereign debt crisis in various regions in the world could increase the volatility and uncertainty in the global capital markets. Governmental policy-driven regulatory measures in relation to tax increases and public spending cuts can negatively affect our business. The economic and political developments in China may have a considerable impact on the demand of our customers` businesses. Governmental reactions and sanctions in relation to the situation in crisis areas, as well as the unstable political situation in the Near and Middle East regions could also result in a negative impact. Exchange rate fluctuations could increase competitive pressures. In addition, the financial situation of some of our customers could be negatively impacted by the risks described above.

The risk situation in the reporting segment Composites – Fibers & Materials continues to arise from the unstable demand for industrial carbon fibers. Risks can arise from

sluggish growth, the reliability of supplies of certain raw materials and the achievement of specific customer quality requirements. We continue to believe that the fundamental medium to long term growth trends for lightweight materials, particularly in the automobile sector, will remain.

In the graphite specialties businesses of our reporting segment Graphite Materials & Systems we face cyclical demand fluctuations and overcapacities in some markets. This results in profit contribution risks for individual products, customer industries as well as within various regions. The apparatus engineering business is faced with intensive competition for only few large projects.

The intended disposal of the reporting segment Performance Products bears opportunities and risks in relation to the planned sale. The reasonably foreseeable selling price can be above or below the carrying amounts of the related assets and liabilities held for sale. In addition, there is a risk of delayed settlement of the disposal process, especially in relation to regulatory approval processes. Until the final closing of this transaction, the ongoing overcapacities for graphite electrodes and the related price pressure result in negative earnings contributions. Also the timely implementation of the initiated restructuring measures bears risks.

The financing agreements of SGL Group contain contractually agreed covenants that regulate compliance with specific financial ratios during the terms. There is a possibility that we may not achieve some of the relevant financial covenants in the following quarters, if the difficult business conditions remain.

Based on the information available at the present time, in our opinion there are no material individual risks that could jeopardize sustainably the business as a going concern. Even if the individual risks are viewed on an aggregated basis, they currently do not threaten the going concern of SGL Group.

Outlook

Reporting segment Composites – Fibers & Materials (CFM)

In our reporting segment CFM we expect sales to remain close to stable. Prices in our acrylic fibers business are anticipated to remain on a low level due to reduced raw material costs (acrylonitrile), thereby offsetting sales growth with fibers and materials for composites.

Recurring EBIT of this business unit should improve substantially due to higher delivery volumes and costs savings. However, it has to be noted that the very good result of the reporting period, which was especially boosted by high invoicing in HITCO's materials business, cannot be extrapolated to the full year.

Reporting segment Graphite Materials & Systems (GMS)

Due to the continued restrained order intake activity in the reporting period, particularly from the energy related industries in North America, which continue to decline as a result of the low oil price, as well as the general economic uncertainty, which were especially intensified by the recent British decision to leave the European Union („Brexit"), we now expect sales on a similar level as in the prior year. We anticipate volume demand from the solar, LED, and semiconductor industries to improve further, which will be partially offset by price decreases. Demand for our anode materials for the lithium ion battery industry is developing at anticipated stable levels.

Even though the current order backlog for the second half of this year should result in a higher recurring EBIT compared to the reporting period, the increase will not be sufficient to beat the prior year result. However, to evaluate the operating result development, it should be noted that the prior year benefited from positive one-time effects (land sale and insurance compensations). On a comparable basis, the business unit GMS should achieve a slight improvement in earnings due to the higher volume demand from key industries and cost savings. On a reported basis, recurring EBIT should be close to the prior year level. This should allow us to remain close to our target Group ROCE (ratio of EBITDA to capital employed) of 15%.

T&I and Corporate

Expenses for T&I and Corporate are expected above the prior year level mainly due to the non-recurrence of extraordinary income from the disposal of non-operating assets, which reduced the expenses in the prior year. Expenses relating to our corporate research and development activities as well as general administrative expenses are anticipated on the prior year level.

Group

As already stated, we have classified the business unit PP as held for sale as of June 30, 2016. With this decision, its revenues and expenses will be reported as discontinued activities. Accordingly, we adjust our guidance for Group sales and Group EBIT to the new Group structure: Due to the developments described above, we expect Group sales slightly below the level of the prior year and a slight increase in Group EBIT. Adjusted for the positive one-time effects of the prior year in the business unit GMS and in T&I and Corporate, Group EBIT will increase substantially.

Guidance for the discontinued business unit PP remains unchanged compared to the outlook in our report on the first quarter 2016, which was published on May 12, 2016: the continued favorable development in the cathodes, furnace linings, and carbon electrodes businesses as well as the stabilization of the volume demand in graphite electrodes is anticipated to be more than offset by the reduced pricing in graphite electrodes, leading to a substantially lower recurring EBIT.

Guidance for net debt at end 2016 also remains unchanged: mainly due to restructuring related one-time effects (particularly resulting from the shutdown of the graphite electrode production site in Frankfurt-Griesheim (Germany) in the first half year 2016), net debt should increase substantially. A potential cash inflow this year from the sale of the discontinued business unit PP has not been considered in this guidance.

With regard to the maturity structure of our debt instruments, the first repayment obligation for one of our financial instruments relates to the convertible bond issued in 2012, which is not due until January 2018.

Since a number of long-term expansion projects in the business units CFM and GMS have been essentially completed, investment requirements have decline since 2013 compared with prior years. Given the weak earnings situation, we will additionally curtail our expenses further. Accordingly, for the year 2016, we anticipate substantially lower capital expenditure on property, plant and equipment than in the prior year, remaining significantly below the level of depreciation.

Wiesbaden, August 10, 2016

SGL Carbon SE

The Board of Management

Condensed Consolidated Interim Financial Statements

Consolidated Income Statement

	2nd Quarter[1]			1st Half Year[1]		
€ million	**2016**	2015	Change	**2016**	2015	Change
Sales revenue	**191.9**	**198.3**	**–3.2%**	**379.4**	**385.3**	**–1.5%**
Cost of sales	–158.7	–161.1	1.5%	–307.7	–321.4	4.3%
Gross profit	**33.2**	**37.2**	**–10.8%**	**71.7**	**63.9**	**12.2%**
Selling expenses	–19.9	–19.9	0.0%	–39.4	–38.9	–1.3%
Research and development costs	–7.8	–7.7	–1.3%	–16.1	–15.1	–6.6%
General and administrative expenses	–11.7	–12.9	9.3%	–24.2	–25.7	5.8%
Other operating income	13.5	12.2	10.7%	26.0	34.4	–24.4%
Other operating expenses	–5.9	–7.7	23.4%	–11.7	–20.5	42.9%
Result from investments accounted for At-Equity	1.8	0.1	>100.0%	3.3	0.0	–
Restructuring expenses	–0.2	–1.4	85.7%	0.0	–1.4	100.0%
Operating profit/loss	**3.0**	**–0.1**	**>100.0%**	**9.6**	**–3.3**	**>100.0%**
Interest income	0.2	0.2	0.0%	0.3	0.3	0.0%
Interest expense	–11.8	–11.2	–5.4%	–23.6	–22.3	–5.8%
Other financing result	1.0	–1.1	>100.0%	–2.6	–1.2	>–100.0%
Result from continuing operations before income taxes	**–7.6**	**–12.2**	**37.7%**	**–16.3**	**–26.5**	**38.5%**
Income tax expense	0.8	–2.1	>100.0%	–6.7	–1.3	>–100.0%
Result from continuing operations	**–6.8**	**–14.3**	**52.4%**	**–23.0**	**–27.8**	**17.3%**
Result from discontinued operations, net of income taxes	–39.6	–54.2	26.9%	–49.4	–55.9	11.6%
Net result for the period	**–46.4**	**–68.5**	**32.3%**	**–72.4**	**–83.7**	**13.5%**
Thereof attributable to:						
Non-controlling interests	0.4	0.0	100.0%	0.8	1.3	38.5%
Consolidated net result (attributable to shareholders of the parent company)	–46.8	–68.5	31.7%	–73.2	–85.0	13.9%
Earnings per share, basic and diluted (in €)	–0.51	–0.75	32.0%	–0.80	–0.93	14.0%
Earnings per share continuing operations, basic and diluted (in €)	–0.08	–0.16	50.0%	–0.26	–0.32	18.8%

[1] Adjusted for income and expenses incurred by the business unit Performance Products, see notes

Consolidated Statement of Comprehensive Income

	2nd Quarter		1st Half Year	
€ million	**2016**	2015	**2016**	2015
Net result for the period	–46.4	–68.5	–72.4	–83.7
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges [1]	–0.7	0.8	–0.6	–0.9
Currency translation	–5.2	–25.7	–5.4	0.6
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses on pensions and similar obligations [2]	–17.0	34.0	–37.7	13.6
Other comprehensive income	**–22.9**	**9.1**	**–43.7**	**13.3**
Comprehensive income	**–69.3**	**–59.4**	**–116.1**	**–70.4**
Thereof attributable to:				
Non-controlling interests	**0.6**	**–0.3**	**0.9**	**1.8**
Consolidated net result (attributable to shareholders of the parent company)	**–69.9**	**–59.1**	**–117.0**	**–72.2**

[1] Includes tax effects of €0.2 million and €0.5 million in the first half year of 2016 and 2015, respectively
[2] Includes tax effects of €17.8 million and €8.0 million in the first half year of 2016 and 2015, respectively

Consolidated Balance Sheet

ASSETS € million	Jun. 30, 16	Dec. 31, 15	Change
Non-current assets			
Goodwill	22.4	22.9	–2.2%
Other intangible assets	18.9	20.8	–9.1%
Property, plant and equipment	487.9	789.6	–38.2%
Investments accounted for At-Equity	40.1	35.0	14.6%
Other non-currents assets	6.4	8.3	–22.9%
Deferred tax assets	51.2	63.0	–18.7%
	626.9	**939.6**	**–33.3%**
Current assets			
Inventories	263.1	463.7	–43.3%
Trade receivables	106.5	149.5	–28.8%
Other receivables and other assets	23.7	37.8	–37.3%
Liquidity	141.9	250.8	–43.4%
Time deposits	*0.0*	*14.0*	*–100.0%*
Cash and cash equivalents	*141.9*	*236.8*	*–40.1%*
	535.2	**901.8**	**–40.7%**
Assets held for sale	**581.6**	**14.7**	**>100.0%**
Total assets	**1,743.7**	**1,856.1**	**–6.1%**

EQUITY AND LIABILITIES € million	Jun. 30, 16	Dec. 31, 15	Change
Equity			
Issued capital	236.4	235.0	0.6%
Capital reserves	936.0	937.7	–0.2%
Accumulated losses	–1,000.5	–883.4	–13.3%
Equity attributable to the shareholders of the parent company	**171.9**	**289.3**	**–40.6%**
Non-controlling interests	16.3	16.5	–1.2%
Total equity	**188.2**	**305.8**	**–38.5%**
Non-current liabilities			
Provisons for pensions and similar employee benefits	334.2	380.2	–12.1%
Other provisions	16.3	30.1	–45.8%
Interest-bearing loans	743.3	742.2	0.1%
Other liabilities	19.2	52.3	–63.3%
	1,113.0	**1,204.8**	**–7.6%**
Current liabilities			
Other provisions	63.5	125.5	–49.4%
Current portion of interest-bearing loans	3.4	2.6	30.8%
Trade payables	80.5	162.9	–50.6%
Other liabilities	50.5	54.5	–7.3%
	197.9	**345.5**	**–42.7%**
Liabilities in connection with assets held for sale	**244.6**	**0.0**	**–**
Total equity and liabilities	**1,743.7**	**1,856.1**	**–6.1%**

Consolidated Cash Flow Statement

	1st Half Year	
€ million	**2016**	2015
Cash flow from operating activities		
Result from continuing operations before income taxes	–16.3	–26.5
Adjustments to reconcile the result from continuing operations to cash flow from operating activities:		
Interest expense (net)	23.3	22.0
Result from the disposal of property, plant and equipment	–0.1	–2.6
Depreciation/amortization expense	24.0	25.1
Restructuring expenses	0.0	1.4
Result from investments accounted for At-Equity	–3.3	0.0
Amortization of refinancing costs	1.6	1.4
Interest received	0.3	0.2
Interest paid	–14.9	–18.0
Income taxes paid	–1.7	–2.2
Changes in provisions, net	–0.8	–1.0
Changes in working capital		
Inventories	–7.2	–32.0
Trade receivables	–14.7	18.4
Trade payables	–13.2	–65.2
Changes in other operating assets/liabilities	–13.0	–24.8
Cash flow from operating activities - continuing operations	**–36.0**	**–103.8**
Cash flow from operating activities - discontinued operations	–20.1	2.8
Cash flow from operating activities - continuing and discontinued operations	**–56.1**	**–101.0**

	1st Half Year	
€ million	**2016**	2015
Cash flow from investing activities		
Payments to purchase intangible assets and property, plant and equipment	–9.2	–22.2
Proceeds from the sale of intangible assets and property, plant & equipment	0.1	3.0
Dividend payments from investments accounted for At-Equity	3.0	7.0
Payments for capital contributions concerning investments accounted for At-Equity and investments in other financial assets	–4.4	–0.7
Cash flow from investing activities - continuing operations	**–10.5**	**–12.9**
Changes in time deposits	0.0	–60.0
Cash flow from investing and cash management activities - continuing operations	**–10.5**	**–72.9**
Cash flow from investing activities and cash management activities - discontinued operations	–17.9	–10.3
Cash flow from investing activities and cash management activities - continuing and discontinued operations	**–28.4**	**–83.2**
Cash flow from financing activities		
Proceeds from issuance of financial liabilities	0.8	143.3
Repayment of financial liabilities	–2.3	–127.8
Payments in connection with financing activities	–0.8	–0.5
Other financing activities	–0.5	–0.1
Cash flow from financing activities - continuing operations	**–2.8**	**14.9**
Cash flow from financing activities - discontinued operations	0.0	–0.6
Cash flow from financing activities - continuing and discontinued operations	**–2.8**	**14.3**
Effect of foreign exchange rate changes	0.0	0.9
Net change in cash and cash equivalents	**–87.3**	**–169.0**
Cash and cash equivalents at beginning of period	236.8	307.0
Cash and cash equivalents at end of period	149.5	138.0
Time deposits at end of period	12.0	100.5
Total liquidity	161.5	238.5
Less: Cash and cash equivalents of discontinued operations at end of period	19.6	21.5
Total liquidity - continuing operations	**141.9**	**217.0**

Condensed Consolidated Statement of Changes in Equity

	1st Half Year 16		
€ million	Equity attributable to the shareholders of the parent company	Non-controlling interests	**Total equity**
Balance at January 1	**289.3**	**16.5**	**305.8**
Capital change from share-based payment plans	**–0.4**	**0.0**	**–0.4**
Dividends	**0.0**	**–0.5**	**–0.5**
Net result for the period	–73.2	0.8	–72.4
Other comprehensive income	–43.8	0.1	–43.7
Comprehensive income	**–117.0**	**0.9**	**–116.1**
Other changes in equity [1]	0.0	–0.6	**–0.6**
Balance at Jun. 30,	**171.9**	**16.3**	**188.2**

	1st Half Year 15		
€ million	Equity attributable to the shareholders of the parent company	Non-controlling interests	**Total equity**
Balance at January 1	**567.6**	**17.1**	**584.7**
Capital increase from share-based payment plans	**5.4**	**0.0**	**5.4**
Dividends	**0.0**	**–1.0**	**–1.0**
Net result for the period	–85.0	1.3	–83.7
Other comprehensive income	12.8	0.5	13.3
Comprehensive income	**–72.2**	**1.8**	**–70.4**
Other changes in equity [1]	0.0	–0.5	–0.5
Balance at Jun. 30,	**500.8**	**17.4**	**518.2**

[1] In particular in connection with non-controlling interests in subsidiary partnerships

Notes to the Condensed Consolidated Interim Financial Statements

Description of business

SGL Carbon SE, located at Söhnleinstrasse 8, Wiesbaden (Germany), together with its subsidiaries (the Company or SGL Group) is a global manufacturer of carbon and graphite products.

Basis of preparation and accounting policies

The condensed consolidated interim financial statements of SGL Group have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting as issued by the International Accounting Standards Board and as adopted by the European Union (EU) and should be read in conjunction with the SGL Group Consolidated Financial Statements as of December 31, 2015. The condensed consolidated interim financial statements as of June 30, 2016 apply the same accounting principles and practices as those used in the 2015 annual financial statements with exception of the reclassification of the At-Equity result as part of income from operations (EBIT) and the classification of the business unit Performance Products (PP) as discontinued operations. Prior year figures for the profit and loss statement are reported on a comparable basis.

Since our At-Equity accounted investments mainly concern activities in the carbon fiber value chain, the results from investments accounted for At-Equity will, from the fiscal year 2016 onwards, be allocated to the reporting segment CFM and reported within the EBIT line (previously reported separately below EBIT). This altered presentation better reflects the operational nature of the At-Equity accounted investments.

These condensed consolidated interim financial statements contain all of the information that is required for a fair presentation of the results of operations and the financial position of the Group.

The condensed consolidated interim financial statements were authorized by the Board of Management on August 10, 2016. The Interim Financial Statements and Interim Group Management Report have been subject to an auditor's review.

Changes to the scope of consolidation

There were no significant changes to the scope of consolidation as of June 30, 2016, compared to December 31, 2015.

Discontinued operations pursuant to IFRS 5

Result from discontinued operations

Income and expenses incurred by the business unit PP are reported separately under discontinued operations for all periods presented.

Discontinued operations also include further specific items related to the sale of the business unit Aerostructures (AS, HITCO), disposed in December 2015. For further information please see Note 11 of the Notes to the financial statements as of December 31, 2015 of the SGL Group. In the first half 2016, follow-up cost amounting to €1.5 million were incurred from the sale of Hitco impacting the result from discontinued operations.

	1st Half Year	
€ million	**2016**	2015
Total revenue from discontinued operations	208.6	318.0
Total expenses from discontinued operations	–241.5	–320.3
Result from operating activities of discontinued operations before income taxes	**–32.9**	**–2.3**
Attributable tax expense	–16.5	–0.4
Result from operating activities of discontinued operations after income taxes	**–49.4**	**–2.7**
Impairment losses arising on the measurement of assets included in disposal groups at fair value less costs to sell	0.0	–53.2
Result from discontinued operations [1]	**–49.4**	**–55.9**
Earnings per share - discontinued operations, basic and diluted (in €)	**–0.54**	**–0.61**

[1] Attributable to the shareholders of the parent company

Assets and liabilities attributable to PP were presented as held for sale in the consolidated financial statements as of June 30, 2016. The book value of the main items of assets and liabilities amount to:

€ million	Jun. 30, 16	Dec. 31, 15
Other intangible assets and property, plant and equipment	289.0	14.7
Inventories	170.6	0.0
Trade receivables	62.1	0.0
Other receivables and other assets	40.3	0.0
Liquidity	19.6	0.0
Assets held for sale	**581.6**	**14.7**
Provisons for pensions and similar employee benefits	101.6	0.0
Other provisions	54.1	0.0
Trade payables	46.2	0.0
Other liabilities	42.7	0.0
Liabilities in connection with assets held for sale	**244.6**	**0.0**

Prior period amounts relate to land and buildings at the production site which remain with the SGL Group. As of June 30, 2016 these values remain unchanged.

Pension Obligations

During the reporting period, SGL Group adjusted the pension discount rate in Germany and the US by 0.75%-points each, as a consequence of decreased long-term interest rate levels. As of June 30, 2016, the discount rates are 1.50% in Germany (Dec 31, 2015: 2.25%) and 3.50% in USA (Dec 31, 2015: 4.25%). The discount rate adjustment resulted in actuarial losses of €55.5 million and a corresponding opposing deferred tax effect of €17.8 million, which have been included in other comprehensive income in the first half year 2016, thereby decreasing equity by €37.7 million.

Other disclosures

Investments accounted for At-Equity

Main joint ventures accounted for At-Equity particularly comprise: Brembo SGL Carbon Ceramic Brakes S.p.A (Ceramic Brake Disks), Stezzano, Italy, which is operated together with Brembo and produces and develops carbon ceramic brake discs, as well as Benteler SGL GmbH & Co. KG (Automotive Composites), Paderborn, Germany, operated together with Benteler and develops the use of carbon fibers reinforced plastic (CFRP) components in the automotive industry. SGL Group holds a share of 50% in each of these companies. The table below provides summarized financial information for both joint ventures, as reported in their respective financial statements. It also shows the

reconciliation of the summarized financial information to the carrying amount of SGL Group's share in both joint ventures.

	1st Half Year	
€ million	**2016**	2015
Ownership interest	**50%**	**50%**
Income statement		
Sales revenue	93.4	89.2
Operating profit/loss	11.3	8.0
Net financing result	–0.8	–0.9
Net result for the year (100%)	5.8	1.8
Share of SGL Group in the net result for the period	2.9	0.9
Balance Sheet	**Jun. 30, 16**	Dec. 31, 15
Non-current assets	73.8	73.7
Current assets	74.2	71.7
thereof cash and cash equivalents	*26.7*	*24.3*
Non-current liabilities	36.7	43.3
thereof financial liabilities	31.6	35.4
Current liabilities	42.5	42.2
thereof financial liabilities	*7.7*	*10.5*
Net assets (100%)	**68.8**	**59.9**
Share of SGL Group in the net assets	34.4	30.0
Goodwill/customer base	*3.9*	*3.9*
Accumulated losses	–2.6	–2.6
Carrying amount of material joint ventures	**35.7**	**31.3**

The carrying amount of non-material investments accounted for At-Equity was €4.4 million (Dec. 31, 2015: €3.7 million) and their contribution to the result from investments accounted for At-Equity during H1/2016 was €0.4 million (H1/2015: minus €0.8 million).

Additional disclosures on financial instruments

The following table assigns the individual balance sheet items for the financial instruments to classes and valuation categories:

€ million
Financial assets
Cash and cash equivalents
Time deposits
Trade receivables
Available-for-sale financial assets
Other fianancial assets
Derivative financial assets
Derivatives without a hedging relationship [1]
Derivatives with a hedging relationship
Financial liabilities
Corporate bond
Convertible bonds
Bank loans, overdrafts and other financial liabilities
Refinancing costs
Finance lease liabilities
Trade payables
Miscellaneous other financial liabilities
Derivative financial liabilities
Derivatives without a hedging relationship [2]
Derivatives with a hedging relationship
Thereof aggregated by measurement category in accordance with IAS 39
1) Loans and receivables
2) Available for sale financial assets
3) Financial assets held for training
4) Financial liabilities measured at amortized cost
5) Financial liabilities held for trading

1) Thereof €0.3 million (2015: €0.1 million) classified as cash flow hedges prior to the settlement of the hedges item or for hedging of intercompany loans in foreign currency
2) Thereof €1.4 million (2015: €0.7 million) classified as cash flow hedges prior to the settlement of the hedges item or for hedging of intercompany loans in foreign currency
n/a = not applicable

Measurement category under IAS 39	**Carrying amount as of Jun. 30, 16**	Amortized cost	Fair value through equity	Fair value through equity	Carrying amount under IAS 17	Carrying amount as of Dec. 31, 15
1)	141.9	141.9				236.8
1)	0.0	0.0				14.0
1)	106.5	106.5				149.5
2)	4.2		4.2			5.5
1)	2.0	2.0				1.8
3)	0.3			0.3		0.1
n.a.	0.0		0.0			0.1
4)	250.0	250.0				250.0
4)	382.4	382.4				378.4
4)	124.3	124.3				128.0
4)	–10.0	–10.0				–11.6
n.a.						20.6
4)	80.5	80.5				162.9
4)	31.4	31.4				45.1
5)	1.4			1.4		0.7
n.a.	1.4		1.4			1.2
	250.4	250.4				402.1
	4.2		4.2			5.5
	0.3			0.3		0.1
	858.6	858.6				952.8
	1.4			1.4		0.7

The following table shows the breakdown of the assets and liabilities measured at fair value into the three levels of fair value hierarchy in accordance with IFRS 13:

	Jun. 30, 16			
€ million	Level1	Level2	Level3	**Total**
Available-for-sale financial assets	4.2			4.2
Derivative financial assets		0.3		0.3
Derivative financial liabilities		2.8		2.8

	Dec. 31, 15			
€ million	Level1	Level2	Level3	**Total**
Available-for-sale financial assets	5.5	-	-	5.5
Derivative financial assets	-	0.2	-	0.2
Derivative financial liabilities	-	1.9	-	1.9

The fair value of the corporate bond recorded at amortized costs was €247.8 million as of June 30, 2016 (December 31, 2015: €247.7 million). The fair market value of the convertible bonds 2012/2018 and 2015/2020 as of June 30, 2016, was €216.1 million (December 31, 2015: €221.8 million) and €139.6 million (December 31, 2015: €152.1 million), respectively. As the fair value are derived from quoted prices in active markets, these financial instruments are allocated to Level 1.

Seasonality of operations

Customer order patterns within the segments CFM and GMS primarily follow overall global trends (e. g. for lightweight materials) and depend on the availability in connection with the pricing of such materials. The overall economic environment is usually a first indicator for any developments in the customers' demand. In addition, individual large projects can significantly impact the business development and overlap regular seasonality.

In the discontinued operations PP, our sales revenue fluctuates from quarter to quarter due to factors related to our customers' businesses (production capacity utilization, inventory levels, development of energy costs, closure of production facilities, etc.). In addition, customers may change their order patterns in response to price changes. For

example, customers tend to reduce their demand during the period prior to the effective date of a price decrease (and vice versa).

Other additional information

Issued capital rose to €236.4 million as of June 30, 2016 (December 31, 2015: €235.0 million), and is divided into 92,341,478 no-par value ordinary bearer shares at €2.56 per share. During the first half 2016, a total of 444,499 new shares were issued to employees under the employee bonus plan and 19,976 shares were used to service the entitlements of the participants of the Matching Share Plan. No new SARs from the Stock Appreciation Rights or new matching shares were granted. As of June 30, 2016, there were 2,612,625 SARs and no matching shares outstanding. SGL Carbon SE held a total of 70,501 of its own shares (treasury shares) as of June 30, 2016. Based on an average number of 92.0 million shares, basic earnings per share amounted to minus €0.26 (H1/2015: minus €0.32 for continuing operations based on 91.6 million shares).

Segment information

€ million	CFM	GMS	T&I and Corporate	Consolidation adjustments	SGL Group
1st Half Year 2016 - continuing operations					
External sales revenue	156.5	218.9	4.0	0.0	379.4
Intersegment sales revenue	2.7	0.0	13.9	–16.6	0.0
Total sales revenue	**159.2**	**218.9**	**17.9**	**–16.6**	**379.4**
Operating profit/loss (EBIT)	12.2	13.1	–15.7	0.0	9.6
Non-recurring charges	0.0	–0.4	0.4	0.0	0.0
Earnings before interest, taxes, depreciation and amortization before non-recurring charges	22.0	24.4	–12.8	0.0	33.6
Capital employed [1]	386.4	400.6	73.3	0.0	860.3
Working Capital [2]	96.2	202.1	–9.2	0.0	289.1
€ million					
1st Half Year 2015 - continuing operations					
External sales revenue	161.0	219.0	5.3	0.0	385.3
Intersegment sales revenue	2.0	0.0	12.2	–14.2	0.0
Total sales revenue	**163.0**	**219.0**	**17.5**	**–14.2**	**385.3**
Operating profit/loss (EBIT)	3.8	16.0	–23.0	0.0	–3.2
Non-recurring charges	–0.1	–0.6	–0.6	0.0	–1.3
Earnings before interest, taxes, depreciation and amortization before non-recurring charges	14.6	27.7	–19.0	0.0	23.3
Capital employed (Dec. 31) [1]	372.1	395.8	72.8	0.0	840.7
Working Capital (Dec. 31) [2]	78.2	187.6	–10.7	0.0	255.1

[1] Defined as the sum of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity, and working capital

[2] Defined as sum of inventories, and trade receivables less trade payables

Subsequent events

None.

Wiesbaden, August 10, 2016

SGL Carbon SE
The Board of Management of SGL Group

Dr. Jürgen Köhler Dr. Michael Majerus Dr. Gerd Wingefeld

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Wiesbaden, August 10, 2016

SGL Carbon SE
The Board of Management

Other Information

Sales Revenue and Operating Profit/Loss (EBIT) by Reporting Segment

	1st Half Year		
€ million	**2016**	2015	Change
Sales revenue			
Composites - Fibers & Materials	156.5	161.0	–2.8%
Graphite Materials & Systems	218.9	219.0	0.0%
T&I and Corporate	4.0	5.3	–24.5%
SGL Group - continuing operations	**379.4**	**385.3**	**–1.5%**
SGL Group - discontinued operations (PP)	**208.6**	**269.8**	**–22.7%**

	1st Half Year		
€ million	**2016**	2015	Change
EBIT before non-recurring charges [1]			
Composites - Fibers & Materials [2]	12.2	3.9	>100.0%
Graphite Materials & Systems	13.5	16.6	–18.7%
T&I and Corporate	–16.1	–22.4	28.1%
SGL Group - continuing operations	**9.6**	**–1.9**	**>100.0%**
SGL Group - discontinued operations (PP)	**–19.8**	**16.9**	**>–100.0%**

[1] Non-recurring charges of €0.0 million and minus €1.3 million in the first half year 2016 and 2015, respectively
[2] Prior year figures adjusted by reclassification of the At-Equity result as part of income from operations (EBIT)

Quarterly Sales Revenue, Operating Profit/Loss (EBIT) and Return on Sales (based on EBIT before non-recurring charges) by Reporting Segment

	2015					2016		
€ million	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	1st Half
Sales revenue								
Composites - Fibers & Materials	80.0	81.0	74.4	91.9	327.3	82.3	74.2	156.5
Graphite Materials & Systems	104.1	114.9	121.1	113.4	453.5	103.0	115.9	218.9
T&I and Corporate	2.9	2.4	1.2	2.2	8.7	2.2	1.8	4.0
SGL Group - continuing operations	**187.0**	**198.3**	**196.7**	**207.5**	**789.5**	**187.5**	**191.9**	**379.4**
SGL Group - discontinued operations (PP)	**128.3**	**141.5**	**136.5**	**127.1**	**533.4**	**107.2**	**101.4**	**208.6**

	2015					2016		
€ million	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	1st Half
EBIT before non-recurring charges[1]								
Composites - Fibers & Materials[2]	–0.4	4.3	6.8	0.6	11.3	7.8	4.4	12.2
Graphite Materials & Systems	8.9	7.7	10.6	6.9	34.1	7.0	6.5	13.5
T&I and Corporate	–11.7	–10.7	–9.1	–0.2	–31.7	–8.4	–7.7	–16.1
SGL Group - continuing operations	**–3.2**	**1.3**	**8.3**	**7.3**	**13.7**	**6.4**	**3.2**	**9.6**
SGL Group - discontinued operations (PP)	**8.2**	**8.7**	**7.0**	**–4.5**	**19.4**	**–8.8**	**–11.0**	**–19.8**

	2015					2016		
in %	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	1st Half
Return on sales (EBIT-margin)								
Composites - Fibers & Materials[2]	–0.5	5.3	9.1	0.7	3.5	9.5	5.9	7.8
Graphite Materials & Systems	8.5	6.7	8.8	6.1	7.5	6.8	5.6	6.2
SGL Group - continuing operations	**–1.7**	**0.7**	**4.2**	**3.5**	**1.7**	**3.4**	**1.7**	**2.5**
SGL Group - discontinued operations (PP)	**6.4**	**6.1**	**5.1**	**–3.5**	**3.6**	**–8.2**	**–10.8**	**–9.5**

[1] Non-recurring charges of minus €6.8 million in 2015 and €0.0 million in the first half year 2016 (continuing operations)
[2] Prior year figures adjusted by reclassification of the At-Equity result as part of income from operations (EBIT)

Quarterly Consolidated Income Statement

	2015					2016		
€ million	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	1st Half
Sales revenue	**187.0**	**198.3**	**196.7**	**207.5**	**789.5**	**187.5**	**191.9**	**379.4**
Cost of sales	–160.3	–161.1	–155.9	–172.1	–649.4	–149.0	–158.7	–307.7
Gross profit	**26.7**	**37.2**	**40.8**	**35.4**	**140.1**	**38.5**	**33.2**	**71.7**
Selling, administrative, R&D and other operating income/expense	–29.8	–36.0	–33.8	–27.3	–126.9	–33.6	–31.8	–65.4
Result from investments accounted for At-Equity	–0.1	0.1	1.3	–0.8	0.5	1.5	1.8	3.3
Operating result/EBIT before non-recurring charges	**–3.2**	**1.3**	**8.3**	**7.3**	**13.7**	**6.4**	**3.2**	**9.6**
Restructuring expenses	0.0	–1.4	–0.6	–4.8	–6.8	0.2	–0.2	0.0
Operating Result/EBIT	**–3.2**	**–0.1**	**7.7**	**2.5**	**6.9**	**6.6**	**3.0**	**9.6**
Net financing result	–11.1	–12.1	–16.5	–12.6	–52.3	–15.3	–10.6	–25.9
Result from continuing operations before income taxes	**–14.3**	**–12.2**	**–8.8**	**–10.1**	**–45.4**	**–8.7**	**–7.6**	**–16.3**
Income tax expense	0.8	–2.1	–2.1	–18.7	–22.1	–7.5	0.8	–6.7
Result from continuing operations	**–13.5**	**–14.3**	**–10.9**	**–28.8**	**–67.5**	**–16.2**	**–6.8**	**–23.0**
Result from discontinued operations, net of income taxes	–1.7	–54.2	–9.4	–160.5	–225.8	–9.8	–39.6	–49.4
Net result for the period	**–15.2**	**–68.5**	**–20.3**	**–189.3**	**–293.3**	**–26.0**	**–46.4**	**–72.4**
Thereof attributable to:								
Non-controlling interests	1.3	0.0	0.3	0.1	1.7	0.4	0.4	0.8
Consolidated net result (attributable to shareholders of the parent company)	–16.5	–68.5	–20.6	–189.4	–295.0	–26.4	–46.8	–73.2

Review Report

To SGL Carbon SE

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the interim condensed consolidated financial statement, and the interim group management report of SGL Carbon SE Wiesbaden, for the period from 1 January to 30 June 2016, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) and in supplementary compliance with International Standard on Review Engagements 2410 „Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Eschborn/Frankfurt am Main, 10 August 2016

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Bösser	Krzyzanowski
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]

Financial Calendar

November 10, 2016

- Interim report on the first nine months 2016
- Conference Call for analysts and investors

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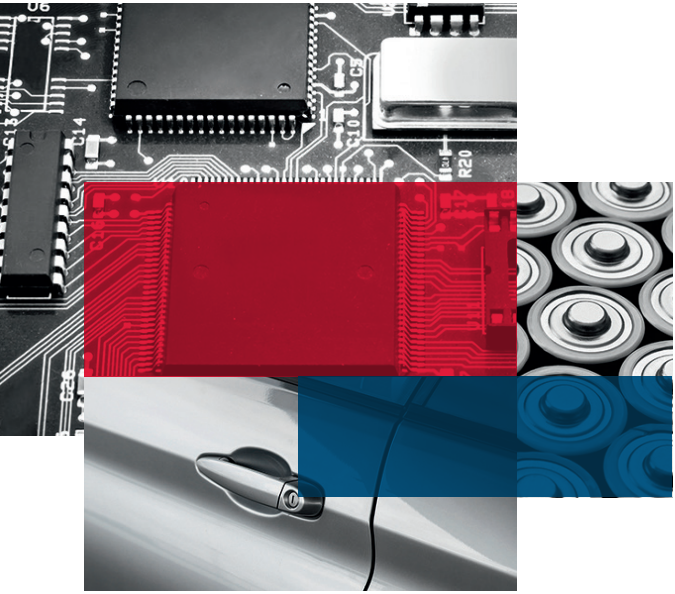
Important note
This interim report contains forward-looking statements based on the information currently available to us and on our current projections and assumptions. By nature, forward-looking statements are associated with known and unknown risks and uncertainties, as a consequence of which actual developments and results can deviate significantly from the assessment published in our interim report. Forward-looking statements are not to be understood as guarantees. Rather, future developments and results depend on a number of factors; they entail various risks and unanticipated circumstances and are based on assumptions which may prove to be inaccurate. These risks and uncertainties include, for example, unforeseeable changes in political, economic, legal, and business conditions, particularly relating to our main customer industries, such as electric steel production, to the competitive environment, to interest rate and exchange rate fluctuations, to technological developments, and to other risks and unanticipated circumstances. Other risks that in our opinion may arise include price developments, unexpected developments associated with acquisitions and subsidiaries, and unforeseen risks associated with ongoing cost savings programs. SGL Group assumes no responsibility in this regard and does not intend to adjust or otherwise update these forward-looking statements.



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