SGL CARBON GROUP

Prepared in accordance with International Financial Reporting Standards, IFRSs (unaudited)

Report on the First Three Quarters of 2004 Q3

The report on the first three quarters of 2004 was prepared in accordance with the International Financial Reporting Standards (IFRSs) (unaudited). The same accounting policies were applied in this report as in the annual financial statements for 2003.

- **Continuing healthy development in core businesses CG and GS**
- **Profit from operations more than doubled over Q3/2003 and Q1-Q3/2003**
- **Cost-cutting program of €11 million for administrative functions launched**
- **Further improvement of profit from operations in Q4/2004 over Q4/2003 expected**

The positive economic trends of the steel and semiconductor industries were also favorably reflected in the development of our sales volume and prices during the third quarter: During the third quarter, we were able to increase sales by approximately 4 % to €264.6 million over €254.6 million in the same period the previous year. Sales of €769.2 million during the first nine months were slightly below the previous year's level, whereas after adjusting for foreign currency changes growth of 4 % was posted.

During the third quarter of 2004, we considerably increased profit from operations after restructuring expenses to €14.0 million (Q3/2003: €–1.3 million, including restructuring expenses of €3.0 million and a provision for antitrust charges of €5.0 million). The principal causes of this development were the continuing improvement of prices and sales volume of Graphite electrodes and Graphite Specialties as well as further cost reductions in all areas of business. Profit from operations before restructuring expenses amounted to €19.5 million – almost triple to the figure for the same quarter of the previous year (Q3/2003: €6.7 million). The restructuring expenses of €5.5 million in the third quarter 2004 resulted from the following factors:

1. Expenses of €1.7 million resulted from the known current cost cutting programs.
2. As we already explained in the press release separately published today, we have established a cost-cutting program for administrative functions. This should result in annual savings of €11 million beginning in 2006. This development requires non-recurring expenditures of €5 – 6 million, of which €1.4 million were booked during the third quarter of 2004.
3. In conjunction with our focus on cash flow generation, we sold land and buildings of an already closed-down US location at Hillsboro, Oregon at the beginning of October 2004 with a cash in on sales of €2.7 million. A non-cash write-down in connection with this transaction amounted to €2.1 million.

During the first three quarters of 2004, we succeeded in boosting profit from operations after restructuring expenses by 136 % to €39.4 million over the same period the previous year (Q1– Q3/2003: €16.7 million).

Financial Highlights (unaudited)

	First Three Quarters	
(€m)	**2004**	2003
Sales revenue	**769.2**	773.4
EBITDA before antitrust charges and restructuring expenses	**103.7**	78.2
Profit from operations before antitrust charges and restructuring expenses	**51.0**	24.7
Profit from operations	**39.4**	16.7
Return on sales[1]	**6.6 %**	3.2 %
Net profit (loss) before minority interests	**– 5.9**	– 23.7
Earnings per share (in €)	**– 0.12**	– 1.07
Operational cash flow[2]	**69.9**	30.9

	Sept. 30,	Dec. 31,
(€m)	**2004**	2003
Total assets	**1,450**	1,247
Equity	**370**	117
Net debt[3]	**359**	448
Debt ratio (gearing)[4]	**1.0**	3.8
Equity ratio[5]	**25.5 %**	9.4 %

[1] Ratio of profit from operations before antitrust charges and restructuring expenses to sales revenue

[2] Without currency exchange rate effects

[3]

Financial debt (incl. convertible bonds)	452
– Deduct: Restricted cash for convertible bonds	– 50
– Unrestricted cash and cash equivalents	– 43
Net debt excluding restricted cash for antitrust	359

[4] Net debt (excluding restricted costs for antitrust) divided by shareholders' equity.

[5] Shareholders' equity divided by total assets

Profit from operations before restructuring expenses of €51.0 million more than doubled (Q1–Q3/2003: €24.7 million); adjusted for extraordinary income of €2.8 million from the sale of the electrical contact (EC) business in the first quarter of 2003, growth amounted to 133%.

Excluding the new cost-cutting program for administrative functions, during the first nine months we realized savings of €27 million from our existing cost reduction programs. Related restructuring expenses totaled €8.1 million. We still expect to realize the planned savings in the gross amount of €40 million, with expenses amounting to approximately €10 million for 2004 overall.

The net financing costs totaled €–44.8 million during the 2004 reporting period, compared with €–39.8 million in the same period the previous year. The increase in the net interest expense on loans to €–22.3 million (first three quarters of 2003: €–18.2 million) is largely attributable to the higher average interest rate of 6.1% for loans in 2004 that were in connection with our refinancing operations at the beginning of the year. The other financial result comprises a one-time write-down of €–1.5 million for a receivable arising from the sale of the process engineering operations in 2000.

The tax expense of €0.5 million for the first nine months 2004 originated from the tax burden on the profits of foreign subsidiaries adjusted for capitalized deferred taxes of tax losses, in particular for our German subsidiaries. The net result for the first three quarters of 2004 thereby amounted to €–5.9 million (first three quarters of 2003: €–23.7 million).

Operational cash flow increased by 126% to €69.9 million over the same period the previous year. Due to the order situation during the third quarter, Graphite Specialties produced in advance for delivery during the fourth quarter. Together with a project-related inventory buildup in Corrosion Protection and SGL Technologies, during the first three quarters of 2004 working capital increased by €33.8 million to €417 million after adjusting for foreign currency changes. Due to deliveries in all businesses, working capital will decline considerably at year-end compared with the third quarter of 2004.

Net cash from operating activities excluding antitrust and refinancing payments totaled €28.1 million. After deducting cash used in investing activities of €–29.1 million, the resulting free cash flow amounted to €–1.0 million. Because of the reduction of working capital during the fourth quarter, for 2004 as a whole we anticipate a positive free cash flow.

As already reported, we have mandated an investment bank to assist in the planned divestiture of the surface protection business of Corrosion Protection. The goal is to find a solution as soon as possible.

We expect our core areas of business – CG and GS – to continue developing favorably for the remainder of the year. With the exception of carbon ceramic brake discs, the business of SGL Technologies is generating the expected substantial improvement in earnings over 2003. During the second half of 2004 (proportionately in the third and fourth quarters), we approved additional, unbudgeted research and development costs of approximately €5 million for our carbon ceramic brake discs. These additional expenses are in connection with the potential for an accelerated transformation of the pilot plant to a large-scale serial production and related costs for process and quality developments as well as plant planning and designing.

We intend to considerably improve the consolidated operating result before and after restructuring expenses during the fourth quarter of 2004 over the same quarter the previous year (Q4/2003: €14.2 million).

Segment reporting

Carbon and Graphite [CG]

	First Three Quarters	
(€m)	**2004**	2003
Sales revenue	**412.6**	414.0
EBITDA[1]	**95.3**	73.2
Profit from operations[1]	**71.8**	47.7
Return on sales[1]	**17.4 %**	11.5 %

[1] Before costs relating to restructuring of €3.5 million in 2004 and €0.2 million in 2003

- Sales rose by 3% over the third quarter of the previous year to €140.5 million (Q3/2003: €136.4 million); after adjustment for foreign currency changes growth was 9%. The increase for the first three quarters of €412.6 million fell slightly short of previous year's level of €414.0 million, a 5% increase after adjusting for foreign currency changes.
- Sales volumes of graphite electrodes during the third quarter of 2004 amounted to 53,000 metric tons – 4,000 metric tons or 8% more than in the same quarter the previous year. Overall, a total of 153,000 metric tons were delivered during the first three quarters – up by 7,000 metric tons (+5%) over the comparable period in the previous year 2003.
- Average price per ton for graphite electrodes grew by 15% in the US dollar region and by 1% in the Euro zone over the comparable period in the previous year.
- During the third quarter, we increased profit from operations before restructuring expenses by 77% to €25.1 million (Q3/2003: €14.2 million) over the same quarter the previous year. In connection with the ongoing plant optimization

programs, restructuring expenses for headcount reductions at our plants in Italy and Poland amounted to €0.5 million (expenses in Q3/2003: €0.2 million). Profit from operations after restructuring expenses thereby totaled €24.6 million during the third quarter of 2004 – 76 % higher than during the same period the previous year (Q3/2003: €14.0 million).

- Compared with the same first three quarters the previous year, we improved profit from operations before restructuring expenses by 51 % to €71.8 million (Q1– Q3/2003: €47.7 million). This development was largely caused by price increases, full capacity utilization for graphite electrodes, and by our consistent implementation of cost reduction measures.
- After deducting accumulated restructuring expenses of €3.5 million during the first three quarters of 2004, profit from operations increased by 44 % to €68.3 million, compared with €47.4 million during the first three quarters of 2003 where accumulated restructuring expenses totaled €0.2 million.
- Due to the continuing solid order backlog, we also anticipate a considerably improved result in the fourth quarter of 2004 compared with the same quarter the previous year (Q4/2003: €18.7 million).

Graphite Specialties [GS]

	First Three Quarters	
(€m)	**2004**	2003
Sales revenue	**143.1**	131.2
EBITDA[1]	**23.1**	18.2
Profit from operations[1]	**11.7**	8.5
Return on sales[1]	**8.2 %**	6.5 %

[1] Including €2.8 million income from divestment of EC business in 2003, before costs relating to restructuring of €0.6 million in 2004 and €2.2 million in 2003

- Caused by the ongoing favorable demand for semiconductors, for high-performance batteries, and for solar industry products, we generated a sales increase of 17 % to €49.6 million during the third quarter of 2004; growth of 20 % was realized after adjusting for foreign currency changes. Sales improved by 9 % to €143.1 million during the first three quarters compared with the same period the previous year (Q1– Q3/2003: €131.2 million); after adjusting for foreign currency changes the increase amounted to 12 %.
- Profit from operations before restructuring expenses totaled €3.2 million during the third quarter of 2004 129 % higher than the figure of €1.4 million realized in the third quarter of 2003. During the third quarter of 2004, within the current cost reduction programs restructuring expenses totaling €0.6 million were realized resulting from the shutdown of machining capacities in the UK as well as their consolidation in Poland and Germany (Q1– Q3/2003: €2.2 million). On a quarter-to-quarter basis, profit from operations after restructuring expenses grew to €2.6 million in Q3/2004 compared with €–0.8 million in Q3/2003.
- Profit from operations before restructuring expenses of €11.7 million for the first three quarters 2004 was up by 38 % over previous year's level of €8.5 million. After adjusting for extraordinary income of €2.8 million from the sale of the EC business during the first half of 2003, we were able to double the result for the first three quarters. Beside the cyclical improvement in the sales volume, other cost reduction measures contributed to the increase. Including restructuring expenses of €0.6 million during the first three quarters of 2004, we thereby generated profit from operations of €11.1 million, compared with €3.5 million the first three quarters of 2003. Restructuring expenses of €2.2 million arose during the first three quarters of 2003; profit from operations was also adjusted by the €2.8 million generated by the sale of the EC business.
- Due to the high volume of pre-production in the previous quarters of 2004 and the related working capital increase, we anticipate a corresponding delivery-related reduction in the fourth quarter of 2004. Although the resultant lower level of output during the fourth quarter of 2004 will burden profit from operations compared with the previous quarters, it will also serve to improve cash flow.

Corrosion Protection [CP]

	First Three Quarters	
(€m)	**2004**	2003
Sales revenue	**114.2**	130.8
EBITDA[1]	**– 2.9**	1.0
Profit from operations[1]	**– 8.7**	– 5.3
Return on sales[1]	**– 7.6 %**	– 4.1 %

[1] Before costs relating to restructuring of €3.7 million in 2004 and €0.6 million in 2003

- Burdened by the ongoing weak economy and structural changes in the investment behavior of our customer industries, sales fell by 13% to €40.8 million compared to the same quarter the previous year (Q3/2003: €47.0 million); after adjusting for foreign currency changes there was a decline of 12 %. Compared with the same period in 2003, sales of €114.2 million for the first three quarters were down by approximately 13 %, whereas adjusted for foreign currency changes the decrease amounted to 12 %.
- Despite the continued low sales revenues, profit from operations before restructuring expenses of €–0.6 million during the third quarter of 2004 was considerably better than in the previous quarters. Measures resulting from the spin-off process and the related potential sale of the surface protection business resulted in restructuring

expenses of €0.6 million during the third quarter at German locations (Q3/2003: €0.6 million). Profit from operations after restructuring expenses thereby declined in Q3/2004 to €–1.2 million from €0.6 million in Q3/2003.

- Profit from operations before restructuring expenses for the first three quarters, which totaled €–8.7 million in 2004, was down by €3.4 million from the same period of the previous year (Q1–Q3/2003: €–5.3 million). This development resulted mainly from the above-mentioned weak sales. Restructuring costs during the first nine months of 2004 rose to €3.7 million (in 2003: €0.6 million). Profit from operations after restructuring expenses amounted to €–12.4 million during the first nine months 2004 (Q1–Q3/2003: €–5.9 million).
- We expect fourth quarter 2004 operating earnings to develop similarly to the third quarter of 2004.
- As already reported, together with an investment bank we intend to find a solution for our surface protection business as soon as possible.

SGL Technologies [T]

	First Three Quarters	
(€m)	**2004**	2003
Sales revenue	**97.9**	95.1
EBITDA	**3.7**	1.4
Profit from operations	**– 8.1**	– 10.4
Return on sales	**– 8.3 %**	– 10.9 %

- Sales during the third quarter of 2004 were up by 18 % to €33.4 million on a quarter-to-quarter comparison; after adjusting for foreign currency changes growth of 26 % was posted. During the first three quarters of 2004, we recorded a 3 % increase in sales to €97.9 million; after adjusting for foreign currency changes the growth was 10 %. This development was influenced in particular by the positive development of demand for fibers and carbon ceramic brake discs.
- The first three quarters 2004 were burdened by start-up costs for new projects in the civilian and military aerospace industries; this will shift earnings into 2005 and 2006. In addition, the order backlog and capacity utilization of our fiber business considerably improved. For this reason, we reduced the operating loss totaling €–2.9 million by nearly half during the third quarter of 2004 from the third quarter of 2003 (€–5.0 million); the loss of €–8.1 million for the first three quarters was also down considerably (Q1-Q3/2003: €–10.4 million).
- We anticipate a favorable sales trend during the fourth quarter compared with the fourth quarter of 2003 as well as the previous quarters in 2004. Overall, with the exception of the brake disc business, SGL Technologies is in line with the expected substantial improved results over 2003 in all areas.
- During the second half of 2004 (proportionately in the third and fourth quarters), we approved additional, unbudgeted research and development costs of approximately €5 million for our carbon ceramic brake discs. These additional expenses are in connection with the potential for an accelerated transformation of the pilot plant to large-scale serial production and related costs for process and quality developments as well as plant planning and designing.

Corporate Costs

	First Three Quarters	
(€m)	**2004**	2003
Other revenue	**1.4**	2.3
Corporate costs[1]	**– 15.7**	– 15.8

[1] Before costs relating to restructuring of €3.8 million in 2004 and before antitrust charges of €5.0 million in 2003

The restructuring expenses during the third quarter of 2004 comprise the above-mentioned non-cash write-down for the sale of a closed-down plant in the US amounting to €2.1 million as well as expenses in connection with the newly established cost-cutting program for administrative functions totaling €1.4 million.

Employees

The number of employees in the Group fell by 360 to 6,566 during the first nine months of 2004 (December 31, 2003: 6,926). Particularly contributing to this staff reduction were the restructuring expenses in Poland and Italy at CG and in Germany at CP.

Consolidated Income Statement (unaudited)

(€m)		First Three Quarters 2004	2003
Sales revenue		**769.2**	773.4
Gross profit		**213.8**	180.3
Selling, administrative, research and other costs		**– 162.8**	– 155.6
Profit from operations before antitrust charges and restructuring expenses		**51.0**	24.7
Antitrust charges		**–**	– 5.0
Restructuring expenses		**– 11.6**	– 3.0
Profit from operations		**39.4**	16.7
Net financing costs	(1)–(5)	**– 44.8**	– 39.8
Profit (loss) before tax		**– 5.4**	– 23.1
Income taxes	(6)	**– 0.5**	– 0.6
Net profit (loss) before minority interests		**– 5.9**	– 23.7
Earnings per share (in €; diluted = basic)	(7)	**– 0.12**	– 1.07

Details of net financing costs

(€m)		First Three Quarters 2004	2003
Net interest expense on loans	(1)	**– 22.3**	– 18.2
Interest expense on pensions		**– 7.4**	– 7.6
Interest expense on antitrust (non-cash)	(2)	**– 5.3**	– 4.7
Total interest expense, net		**– 35.0**	– 30.5
Currency and hedging valuation adjustments of antitrust liabilities (non-cash)	(3)	**– 2.0**	– 0.3
Amortization of refinancing costs (non-cash)	(4)	**– 2.8**	– 4.3
Other	(5)	**– 5.0**	– 4.7
Total other financing expenses		**– 9.8**	– 9.3
Net financing costs		**– 44.8**	– 39.8

Notes to the Consolidated Income Statement

Net financing costs

(1) The higher net interest expense on loans compared with the first three quarters of 2003 is attributable to the higher average interest rate of 6.1 % (first three quarters of 2003: 4.8 %). This largely results from the corporate bond issued for refinancing purposes, which carries an 8.5 % interest rate. Net interest expenses also comprise costs of approximately €0.4 million for the partial buy-back of our convertible bond.

(2) The non-cash expenses in connection with antitrust proceedings of €5.3 million comprise the imputed interest on the North American antitrust liabilities as well as interest expenses in connection with the European antitrust proceedings.

(3) The also non-cash exchange rate effects from the translation of the US antitrust liability as well as the associated foreign currency hedging amounted to €–2.0 million during the first three quarters of 2004. In accordance with IFRSs (International Financial Reporting Standards), foreign currency hedging transactions are carried at their market value at balance sheet date (mark-to-market). Although changes in these market values are to be shown in the net financing costs, they are considered to be non-cash items. The negative influence during the first three quarters results primarily from changed market expectations for interest rate developments in the dollar and euro zones – one of the key factors influencing the market valuation of hedging transactions. These expenses and income items neutralized each other during the same period the previous year.

(4) According to IFRSs, costs incurred in connection with the issue of our corporate bond, the new syndicated loan, the lines of credit, and the guarantee lines must be recognized and expensed in accordance with the individual maturity terms of each instrument. A total of €–2,8 million was expensed during the first nine months of the fiscal year (first three quarters of 2003: €–4.3 million).

(5) Other financing expenses comprise costs of the guarantees issued in favor of the European antitrust commission totaling €2.3 million (previous year: €1.8 million), the non-cash expenses in connection with the market valuation of interest rate derivatives of €1.1 million (previous year: €0.7 million), and the one-time write-down for a receivable arising from the sale of the process engineering business in 2000 amounting to €1.5 million.

Income taxes

(6) The minor tax expense during the first three quarters results largely from the tax burden arising from profit contributions of foreign companies as well as the recognition of deferred taxes on current losses mainly at our German subsidiaries. Despite a further improvement of the results of our US subsidiaries, we have still not recognized any additional deferred taxes on loss carry-forwards in the US; we will, however, take this under consideration at fiscal year-end.

Earnings per share

(7) Earnings per share are calculated based on an average of 50.9 million shares outstanding (first three quarters of 2003: 22.1 million). This average results from an increase from 22.2 million shares to 55.8 million shares in February 2004.

Consolidated Balance Sheet (unaudited)

(€m)		Sept. 30, 2004	Dec. 31, 2003
Assets			
Intangible assets		**96**	99
Property, plant and equipment		**389**	408
Long-term investments		**34**	29
Noncurrent assets	(2)	**519**	536
Inventories		**292**	258
Trade receivables		**220**	221
Other current assets	(3)	**80**	59
Cash and cash equivalents		**43**	46
Restricted cash for repayment of convertible bonds	(4)	**50**	–
Restricted cash for antitrust payments	(4)	**86**	–
Current assets		**771**	584
Deferred tax assets		**160**	127
Total assets	(1)	**1,450**	1,247

(€m)		Sept. 30, 2004	Dec. 31, 2003
Equity and liabilities			
Equity		**370**	117
Minority interests		**0**	0
Provisions for pensions and other employee benefits		**184**	188
Other provisions		**160**	167
Provisions		**344**	355
Financial liabilities[1]		**452**	494
Trade payables		**95**	99
Other liabilities		**137**	139
Liabilities		**684**	732
Deferred tax liabilities		**52**	43
Total equity and liabilities	(5)	**1,450**	1,247

[1] Including convertible bonds of €50 million as of Sept. 30, 2004

Notes to the Consolidated Balance Sheet

(1) Total assets increased by €203 million over December 31, 2003. Among assets, this increase is largely attributable to the increase in cash and cash equivalents by €133 million to €179 million. This amount includes €136 million to cover the remaining liquidation of the convertible bond as well as antitrust fines. Total assets were increased by a €30 million rise of inventories, adjusted for foreign currency changes, and by the recognition of refinancing costs totaling €21 million. Additionally, results from the translation of foreign currency items into euros compared to December 31, 2003 caused an additional €14 million increase in total assets.

(2) Noncurrent assets declined by €17 million. Depreciation in excess of capital expenditures reduced noncurrent assets by €23 million. On the contrary, positive exchange rate effects caused a €8 million increase. The sale of a land in the US resulted in a write-down of €2.1 million.

(3) Other current assets increased by €21 million largely in connection with the recognition of refinancing costs.

(4) During the first nine months of 2004 we made the following payments out of the restricted cash for the convertible bond:
– €85.4 million for the buy-back of the convertible bond including accrued interest;
– €5.6 million for early debt repayments; and
– €1.9 million for interest payments of the outstanding convertible bond.
Furthermore, a guarantee deposit of €23.9 million was made out of our restricted cash for antitrust payments to cover the fine levied by the European Commission at the end of 2003. In same manner, in the second and third quarters of 2004, two planned installments totaling €14 million were paid to the North American antitrust authorities.

(5) The capital increase concluded in February caused an increase in the balance sheet total. The convertible bond is included under financial liabilities with a residual amount of €50 million following a €84 million buy-back. After deduction of the available funds as well as the cash and cash equivalents of €50 million provided for the buy-back of the convertible bond, the net debt amounted to €359 million. The cash and cash equivalents made available for the antitrust payments may not be offset against financial debt, since they do not include the corresponding liability.

Key balance sheet data

- Due to the capital increase, despite the higher level of total assets, the equity ratio increased to 25.5 % (December 31, 2003: 9.4 %).
- Gearing improved from 3.8 at 2003 year-end to 1.0 at the end of Q3 2004 due to the capital increase implemented during the first quarter.

Statement of Changes in Consolidated Equity (unaudited)

(€m)	First Three Quarters 2004	2003
Balance at January 1	**117**	196
Capital increase	**254**	1
Net profit (loss) before minority interests	**– 6**	– 24
Currency exchange differences and other	**5**	– 24
Balance at Sept. 30	**370**	149

Consolidated Cash Flow Statement[1] (unaudited)

(€m)		First Three Quarters 2004	2003
Profit from operations[2]		**51.0**	24.7
Depreciation and amortization[3]		**52.7**	53.5
EBITDA[2]		**103.7**	78.2
Decrease (increase) in working capital	(1)	**– 33.8**	– 47.3
Operational cash flow		**69.9**	30.9
Other operating cash sources (uses)	(2)	**– 41.8**	– 28.0
Cash provided (used) by operating activities before antitrust and refinancing payments		**28.1**	2.9
Payments relating to antitrust proceedings	(3)	**– 42.6**	– 11.1
Payments relating to refinancing		**– 23.9**	– 14.0
Cash provided (used) by operating activities		**– 38.4**	– 22.2
Capital expenditures		**– 26.5**	– 29.4
Other investing activities		**– 2.6**	9.0
Cash provided/used in investing activities	(4)	**– 29.1**	– 20.4
Cash provided/used in financing activities		**200.4**	91.9
Effect of foreign exchange rate changes		**0.4**	– 2.5
Net increase (decrease) in cash and cash equivalents		**133.3**	46.8
Cash and cash equivalents at beginning of the year		**46.1**	21.5
Cash and cash equivalents at end of the quarter	(5)	**179.4**	68.3

[1] Without currency exchange rate effects
[2] Before restructuring expenses
[3] Excluding €2.1 million write-down of fixed assets

Notes to the Consolidated Cash Flow Statement

(1) Working capital (inventories plus trade receivable less trade payables) increased during the reporting period by €33.8 million to €417 million after adjusting for foreign currency changes. This resulted from the higher inventory level for pre-production for project businesses of SGL Technologies and CP as well as due to increasing demand at GS.

(2) Other cash used by operating activities comprise largely interest and tax payments as well as cash expenses for restructuring.

(3) Payments in connection with antitrust proceedings related largely to a deposit payment of €23.9 million for the antitrust fine imposed by the EU Commission as well as the scheduled payments to the North American antitrust authorities. These payments had already been planned within the framework of the refinancing and were made out of the restricted cash account.

(4) Cash used in investing activities of €29.1 million was €23.6 million less than depreciation. Beside capital expenditures for property, plant and equipment of €21.5 million, we also invested €4.7 million in our global SAP systems platform "SGL ONE" during the first three quarters.

(5) As of September 30, 2004, cash and cash equivalents of €179 million comprised of available liquid funds of €43 million, restricted cash for the buy-back of the convertible bond of €50 million, and restricted cash for antitrust payments of €86 million.

SGL CARBON GROUP

SGL CARBON AG
Head Office
Investor Relations

Rheingaustrasse 182
D-65203 Wiesbaden
Phone +49 (611) 60 29-0
Fax +49 (611) 60 29-101
e-mail cpc@sglcarbon.de
www.sglcarbon.com

Sales Revenue & Profit from Operations by Quarter (unaudited)

€m	Q1	Q2	Q3	Q4	2003 Full Year	Q1	Q2	Q3	2004 First Three Quarters
Sales revenue									
Carbon and Graphite	134.5	143.1	136.4	144.0	558.0	122.6	149.5	140.5	**412.6**
Graphite Specialties	44.9	44.1	42.2	43.1	174.3	46.3	47.2	49.6	**143.1**
Corrosion Protection	35.6	48.2	47.0	55.4	186.2	35.2	38.2	40.8	**114.2**
SGL Technologies	34.9	31.9	28.3	29.8	124.9	29.8	34.7	33.4	**97.9**
Other	0.8	0.8	0.7	0.5	2.8	0.5	0.6	0.3	**1.4**
	250.7	268.1	254.6	272.8	1,046.2	234.4	270.2	264.6	**769.2**

€m	Q1	Q2	Q3	Q4	2003 Full Year	Q1	Q2	Q3	2004 First Three Quarters
Profit (loss) from operations[1]									
Carbon and Graphite	12.2	21.3	14.2	18.7	66.4	19.2	27.5	25.1	**71.8**
Graphite Specialties	4.5	2.6	1.4	– 1.8	6.7	4.2	4.3	3.2	**11.7**
Corrosion Protection	– 5.0	– 1.4	1.1	1.0	– 4.3	– 4.7	– 3.4	– 0.6	**– 8.7**
SGL Technologies	– 1.9	– 3.5	– 5.0	– 1.6	– 12.0	– 2.4	– 2.8	– 2.9	**– 8.1**
Corporate	– 4.7	– 6.1	– 5.0	– 2.1	– 17.9	– 4.9	– 5.5	– 5.3	**– 15.7**
	5.1	12.9	6.7	14.2	38.9	11.4	20.1	19.5	**51.0**

[1] Excluding antitrust charges as well as restructuring expenses

Consolidated Income Statement by Quarter (unaudited)

€m	Q1	Q2	Q3	Q4	2003 Full Year	Q1	Q2	Q3	2004 First Three Quarters
Sales revenue	250.7	268.1	254.6	272.8	1,046.2	234.4	270.2	264.6	**769.2**
Cost of sales	– 193.7	– 204.4	– 195.0	– 205.7	– 798.8	– 172.3	– 197.9	– 185.2	**– 555.4**
Gross profit	57.0	63.7	59.6	67.1	247.4	62.1	72.3	79.4	**213.8**
Selling/administrative/R&D/other	– 51.9	– 50.8	– 52.9	– 52.9	– 208.5	– 50.7	– 52.2	– 59.9	**– 162.8**
Profit from operations before antitrust charges and restructuring expenses	5.1	12.9	6.7	14.2	38.9	11.4	20.1	19.5	**51.0**
Antitrust charges	–	–	– 5.0	– 14.5	– 19.5	–	–	–	**–**
Restructuring expenses	–	–	– 3.0	– 7.4	– 10.4	– 3.7	– 2.4	– 5.5	**– 11.6**
Profit (loss) from operations	5.1	12.9	– 1.3	– 7.7	9.0	7.7	17.7	14.0	**39.4**
Net financing costs	– 13.6	– 12.6	– 13.6	– 33.5	– 73.3	– 14.3	– 15.6	– 14.9	**– 44.8**
Profit (loss) before tax	– 8.5	0.3	– 14.9	– 41.2	– 64.3	– 6.6	2.1	– 0.9	**– 5.4**
Income taxes	0.9	0.6	– 2.1	14.7	14.1	1.7	0.0	– 2.2	**– 0.5**
Net profit (loss) before minority interests	– 7.6	0.9	– 17.0	– 26.5	– 50.2	– 4.9	2.1	– 3.1	**– 5.9**

Important note:

This document contains forward-looking statements. These statements reflect the current belief of SGL Carbon's management as well as assumptions made by, and information available to, the SGL Group. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual future results and developments could differ materially from those set forth in these statements due to various factors. These factors include changes in the general economic and competitive situation, particularly in SGL Carbon's businesses and markets; changes resulting from acquisitions and the subsequent integration of companies; and changes resulting from restructuring measures. In addition, future results and developments could be affected by the performance of financial markets; fluctuations in exchange rates; changes in national and supranational law, particularly with regard to tax regulations; and other risks and uncertainties, including those detailed in SGL Carbon's filings with the U.S. Securities and Exchange Commission. SGL Carbon assumes no obligation to update forward-looking statements.