

REPORT ON THE FIRST HALF YEAR **2017**

Summary

- Solid first half of 2017 confirms full year outlook
- Group sales in H1/2017 increased 15% to €435 million compared to the prior year (H1/2016: €379 million) driven by markets segments energy, digitization, industrial applications, textile fibers, and mobility
- Group EBIT rises more than proportionately to sales to €23 million (H1/2016: €10 million)
- Free Cashflow from continued operations improves to minus €30 million (H1/2016: minus €47 million)
- Subsequent events: Former business unit Performance Products (PP) sold: Triton acquires cathodes, furnace linings and carbon electrodes (CFL/CE) business at an enterprise value of €250 million; final discussions ongoing with US authority on merger clearance on the sale of the graphite electrode business to Showa Denko – closing may slip into the beginning of the fourth quarter 2017

Financial highlights

€ million	1st Half Year		
	2017	2016	Change
Sales revenue	435.3	379.4	14.7%
EBITDA before non-recurring charges	47.1	33.6	40.2%
Operating profit (EBIT) before non-recurring charges (recurring EBIT)	22.5	9.6	>100%
Return on sales (EBIT-margin) ¹⁾	5.2%	2.5%	-
Return on capital employed (ROCE EBITDA) ²⁾	9.8%	8.3%	-
Operating profit (EBIT)	15.7	9.6	63.5%
Result from discontinued operations, net of income taxes	13.9	-49.4	>100%
Consolidated net result (attributable to shareholders of the parent company)	-3.6	-73.2	95.1%

€ million	Jun. 30, 17	Dec. 31, 16	Change
Total assets	1,846.2	1,899.2	-2.8%
Equity attributable to the shareholders of the parent company	326.7	331.8	-1.5%
Net financial debt ³⁾	477.0	449.4	6.1%
Gearing ⁴⁾	1.46	1.35	-
Equity ratio ⁵⁾	17.7%	17.5%	-

¹⁾ Ratio of EBIT before non-recurring charges to sales revenue

²⁾ EBITDA before non-recurring charges for the last twelve months 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⁾ Financial liabilities (nominal amounts) less liquidity

⁴⁾ Net financial debt divided by equity attributable to the shareholders of the parent company

⁵⁾ Equity attributable to the shareholders of the parent company divided by total assets

Table of contents

Interim Group Management Report	3	Consolidated Balance Sheet	26
Economic Environment	3	Consolidated Cash Flow Statement	28
Key events of the business development	4	Condensed Consolidated Statement of Changes	
Business development	4	in Equity	30
Opportunities and risks	18	Notes to the Condensed Consolidated Interim	
Outlook	20	Financial Statements	31
Condensed Consolidated Interim Financial		Responsibility Statement	41
Statements	24	Other Information	42
Consolidated Income Statement	24	Financial Calender	45
Consolidated Statement of			
Comprehensive Income	25		

Interim Group Management Report

(unaudited)

Economic Environment

In its last Global Economic Outlook in July 2017, the International Monetary Fund (IMF) has left its global growth forecasts for the years 2017 and 2018 more or less unchanged. Accordingly, the statements made in our annual report 2016 continue to be valid.

Key events of the business development

Sale of the carbon fiber production site in Evanston completed

On January 10, 2017, we announced the sale of the carbon fiber production site in Evanston (USA) to Mitsubishi Rayon, as already outlined in the annual report 2016. The transaction led to a reversal of impairment charges to the assets of CFM amounting to €12.8 million, which was recorded as a positive non-recurring effect in the annual financial statements 2016. The transaction closed on April 3, 2017. As announced, the asset disposal led to a negative earnings effect from attributable cumulative currency translation differences amounting to €6.0 million. For further details please refer to segment reporting.

Business development

Segment reporting

Following the classification of the business unit Performance Products (PP) as discontinued operations as of June 30, 2016, this business unit is no longer reported in the segment reporting.

Reporting segment Composites – Fibers & Materials (CFM)

€ million	1st Half Year		
	2017	2016	Change
Sales revenue	176.2	156.5	12.6%
EBITDA before non-recurring charges ¹⁾	22.9	22.0	4.1%
Return on capital employed (ROCE _{EBITDA}) ²⁾	10.8%	9.9%	-
EBIT before non-recurring charges (recurring EBIT) ¹⁾	12.4	12.2	1.6%
Return on sales (EBIT-margin)	7.0%	7.8%	-
Operating profit (EBIT)	6.4	12.2	-47.5%

¹⁾ Non-recurring charges of €6.0 million and €0.0 million in the first half year 2017 and 2016, respectively

²⁾ EBITDA before non-recurring charges for the last twelve months to average capital employed (total of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity and working capital)

Sales in the first half of 2017 in the reporting segment Composites – Fibers & Materials increased by 13% (no currency impact) to €176.2 million (H1/2016: €156.5 million) primarily due to higher sales in the market segments industrial applications, automotive,

and textile fibers. In the market segment industrial applications, carbon fiber sales for injection molding applications developed particularly well, while in textile fibers, the high oil price compared to the prior year period had a positive impact on selling prices. The market segments aerospace and wind energy recorded slightly lower sales compared to the prior year period. In the wind energy segment, the improved first quarter was more than offset by the significant decline in the second quarter.

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 glass and carbon fiber based components for the automotive industry in Austria) and are both allocated to the market segment automotive. Sales revenue of all At-Equity accounted investments increased by 5% to €127.6 million in the first half of 2017 (H1/2016: €121.5 million, 100% values for companies) and is not included in our Group sales revenue figure. The increase in sales is mainly attributable to additional orders in the Automotive Composites business.

As expected, EBIT at €12.4 million in the first half of 2017 remained on a similar level as in the comparable prior year period (€12.2 million), leading to a slight decrease in the EBIT margin to 7.0% (H1/2016: 7.8%). The ramp up of the Lightweight and Application Center (LAC), which is designated to develop future business with the automotive and aerospace industries, offset the operational improvements in nearly all market segments as anticipated. The strongest earnings improvement was recorded in the market segment industrial applications, resulting from the good capacity utilization in our carbon fiber plant in Muir of Ord (Scotland). Earnings in the market segment automotive also showed an increase primarily due to the improved result from the At-Equity accounted investments Ceramic Brake Discs and Automotive Composites. Earnings in the market segments wind energy and aerospace were stable resp. slightly higher despite the lower sales level. In contrast, earnings in textile fibers were once again impacted by high energy costs as well as higher raw material costs, which can only be passed onto customers with a time lag.

With the sale of the small carbon fiber production site in Evanston (USA) to Mitsubishi Rayon Corporation, which was announced on January 10, 2017, we are now focusing our carbon fiber production at the two sites in Moses Lake (joint venture site with BMW Group in Washington, USA) and Muir of Ord (Scotland, UK) in order to further enhance the efficiency of our production network. The transaction lead to a reversal of impairment charges to the assets of CFM amounting to €12.8 million, which was recorded

as a positive non-recurring effect in the annual financial statements 2016. The transaction closed on April 3, 2017. As previously outlined, the ensuing asset disposal lead to a negative earnings effect from attributable cumulative currency translation differences amounting to approx. €6 million in the second quarter 2017. This is the only reason why EBIT after non-recurring effects declined by 48% to €6.4 million compared to the prior year period (H1/2016: €12.2 million).

On February 28, 2017, we reported on our presence at the JEC World in Paris, the world's largest trade fair for composites. We presented the engineering portfolio of the Lightweight and Application Center (LAC), which began construction one year ago, as well as thermoset and thermoplastic material solutions for automotive and aerospace construction, the wind energy sector, and other industrial applications.

Also in February 2017, we signed a contract to renew our commitment for a further six years to endow the Chair of Carbon Composites (LCC) at the Technical University of Munich (TUM), which began eight years ago. The chair serves as a bridge between fundamental research into carbon-fiber composite materials and their practical applications, especially in the automotive and aerospace engineering sectors.

On May 31, 2017, we announced our leading position in the British project TOSCAA, where we are heading a consortium of eight UK companies in an 18 month research and development project to produce lightweight carbon fiber composite components for the automotive industry. The project titled "Thermoplastic Overmoulding of Structural Composites for Automotive Applications" (TOSCAA) aims to further develop the technology of thermoplastic components for automotive serial production among all levels of the value chain, from SGL Group to automotive end users, represented in this project by Jaguar Land Rover. The key role of SGL in the consortium is to provide carbon fiber composite raw materials based on a thermoplastic matrix. The carbon fibers are produced in the Muir of Ord (Scotland) manufacturing site. Further support comes from the newly established Lightweight and Application Center (LAC) in Meitingen (Germany).

At the end of June 2017, we informed on a novel production process for fiber composite constructions for architectonic structures. Based on our standard 50k fiber from our Moses Lake (USA) site, and in cooperation with The Institute for Computational Design and Construction (ICD) and the Institute of Building Structures and Structural Design (ITKE), both at the University of Stuttgart (Germany), we are investigating natural biological construction processes of long span fiber composite. An initial installation

from the project can currently be seen on the University of Stuttgart's inner courtyard. For this endeavor, 104 kilometers of carbon fiber were provided and delivered from our Moses Lake site to Stuttgart.

Reporting segment Graphite Materials & Systems (GMS)

€ million	1st Half Year		
	2017	2016	Change
Sales revenue	255.1	218.9	16.5%
EBITDA before non-recurring charges ¹⁾	35.1	24.4	43.9%
Return on capital employed (ROCE EBITDA) ²⁾	15.2%	13.0%	-
EBIT before non-recurring charges (recurring EBIT) ¹⁾	23.9	13.5	77.0%
Return on sales (EBIT-margin) ¹⁾	9.4%	6.2%	-
Operating profit (EBIT)	23.9	13.1	82.4%

¹⁾ Non-recurring charges of €0.0 million and €0.4 million in the first half year 2017 and 2016, respectively

²⁾ EBITDA before non-recurring charges for the last twelve months to average capital employed (total of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity and working capital)

Sales in the reporting segment Graphite Materials & Systems also significantly increased by 17% (currency-adjusted by 15%) to €255.1 million in the reporting period compared to the prior year period (H1/2016: €218.9 million). This development primarily reflects the higher demand for our anode materials in the market segment battery and other energy. The market segments solar, LED, semiconductor, automotive, and industrial applications were also able to slightly increase their respective sales revenues. Solely the market segment chemicals recorded a lower sales level than in the prior year period, due to the ongoing subdued investment activity in the chemical industry.

Recurring EBIT increased substantially more than proportional by 77% to €23.9 million (H1/2016: €13.5 million) mainly due to improved results in the market segments battery & other energy as well as industrial applications. Higher earnings were also recorded in the market segments semiconductor, automotive, and solar. This development was partially offset by the lower earnings contribution from the market segment chemicals due to the lower business volume as described above. The EBIT margin in the business unit GMS improved significantly to 9.4% (H1/2016: 6.2%).

No non-recurring charges were recorded in the reporting segment GMS in the reporting period (H1/2016: minus €0.4 million).

Due to the strong demand, the business unit GMS began to expand its capacities for the production of graphite anode materials for the lithium-ion battery industry at the beginning of 2017 and thus earlier than planned. In addition to the existing Polish site, these investments are in particular being implemented in the US-American site in Morganton (North Carolina).

Our business in the solar market segment is growing significantly. This is in particular resulting from the shift from multicrystalline to monocrystalline silicon. The technology to produce monocrystalline silicon requires more complex parts made of isostatic graphite and soft felts with highest standards. The business unit GMS of SGL Group is ideally positioned with its specific product and technology portfolio to reliably meet this growing demand.

Also in the beginning of 2017, the publicly funded research project „Redox Wind“ was launched to develop economic and environmentally friendly energy storage solutions. For this purpose, the Fraunhofer Institute for Chemical Technology (Institut für Chemische Technologie) is developing a large Redox-Flow-Battery-Storage, which will be connected to the neighboring wind energy plant. The business unit GMS of SGL Group delivers battery felts and bipolar plates to this project and is the only manufacturer that can supply these as a “one-stop-shop”.

In July, as part of the “Wacker Supplier Day” SGL Group was given an award in the category “Best global partnership” by Wacker Chemie AG for the joint work in 2016.

Also in July, the joint venture SGL Quanhai Carbon (SQC) at the Chinese site Yangquan celebrated its 10th anniversary. In addition, SGL Group invested approx. €1 million in the construction of rigid felt production at this site. Rigid felts based on specialty graphites are used as very high-quality insulation materials in industrial inert gas and vacuum furnaces. They have a wide range of application including in the semiconductor and solar industry, the metal heat treatment of components for the automotive and aerospace industry, or in ceramic sintering processes for the hard metal industry.

In the middle of July, we announced the acquisition of the remaining 49% share in the Asian joint venture SGL Tokai Process Technology (STPT) from the partner Tokai Carbon (Japan), which is already fully consolidated. The three sites Shanghai (China), Yamanashi (Japan) and Kyung Ki-Do (South Korea) are being used to manufacture products and provide services in the Process Technology (PT) division, including skid mounted systems, process solutions, application technology, equipment and services, as

well as products in the area fluid handling. Examples of specific products are graphite heat exchangers, distillation equipment for the energy and chemical industry or PTFE products and pumps. Further details can be found under Subsequent Events (see page 39).

Reporting segment Corporate

€ million	1st Half Year		
	2017	2016	Change
Sales revenue	4.0	4.0	0.0%
EBITDA before non-recurring charges ¹⁾	-10.9	-12.8	14.8%
EBIT before non-recurring charges (recurring EBIT) ¹⁾	-13.8	-16.1	14.3%
Operating profit/loss (EBIT)	-14.6	-15.7	7.0%

¹⁾ Non-recurring charges of €0.8 million and plus €0.4 million in the first half year 2017 and 2016, respectively

As outlined in our annual report 2016, we launched project CORE (COrporate REstructuring) last September, with which the business model of the “new” SGL Group is being aligned to our growth strategy. This transformation process primarily means that the business units CFM and GMS will focus on the development, production and marketing of their products and solutions, while all other functions will be bundled on the corporate level. At the same time, the administrative structures of our company will be adjusted to the smaller SGL Group resulting from the divestment of the former business unit Performance Products. Sustainable savings of €25 million until the end of 2018 are anticipated in this context.

Within the framework of project CORE, our research and development activities, which are directly attributable to the business units CFM and GMS were transferred into their direct business responsibility. Research and development activities, which are of a more fundamental or long-term nature, such as the future areas “3-D printing” or “future coatings” will continue to be driven on the corporate level by the department “Innovation Management”. Related expenses will, as before, be recorded in the third reporting segment, whose name has been simplified to „Corporate“.

At minus €13.8 million, recurring EBIT in the reporting segment Corporate improved by 14% compared to the comparable prior year period (H1/2016: minus €16.1 million) due primarily to savings from project CORE.

Non-recurring items amounting to minus €0.8 million were recorded in the reporting segment Corporate in the reporting period (H1/2016: €0.4 million).

Group business development

Condensed Consolidated Income Statement

€ million	1st Half Year		
	2017	2016	Change
Sales revenue	435.3	379.4	14.7%
Cost of sales	–345.2	–307.7	–12.2%
Gross profit	90.1	71.7	25.7%
Selling, administrative and R&D expense	–83.1	–79.7	–4.3%
Other operating income/expense	10.4	14.3	–27.3%
Result from investments accounted for At-Equity	5.1	3.3	54.5%
Operating profit (EBIT) before non-recurring charges (recurring EBIT)	22.5	9.6	>100%
Non-recurring charges	–6.8	0.0	–
Operating profit (EBIT)	15.7	9.6	63.5%
EBITDA before non-recurring charges	47.1	33.6	40.2%

Group sales revenue rose significantly by 15% (currency adjusted by 14%) to €435.3 million (H1/2016: €379.4 million) due to the developments in the business units CFM and GMS as described above. The gross margin improved to 20.7% (H1/2016: 18.9%) in the reporting period due to higher capacity utilization and the resulting increased fixed cost absorption. Accordingly, gross profit increased to €90.1 million in the reporting period from €71.7 million in the prior year period. Selling, administrative, and R&D expenses increased by 4% to €83.1 million (H1/2016: €79.7 million) and thus at a slower rate than sales revenue, whereby selling expenses increased resulting from higher shipments. Other operating income and expenses decreased by 27% from €14.3 million in the prior year period to €10.4 million in the reporting period, which primarily resulted from decreased compensations from customers with minimum volume commitments, which more than offset higher foreign currency and hedging gains.

EBIT before non-recurring charges increased significantly to €22.5 million in the reporting period after €9.6 million in the prior year period due to improved earnings in the business unit GMS and savings in the reporting segment Corporate.

Non-recurring charges mainly included a negative cumulative currency translation difference amounting to €6.0 million resulting from the sale of the carbon fiber production site in Evanston (US) to Mitsubishi Rayon Carbon Fibers & Composites Inc., as already communicated in the report on the first quarter 2017. The disposal of the Evanston site generated cash inflows amounting to the net asset value at current exchange rates. In addition, non-recurring charges included costs incurred in connection with project CORE in an amount of €0.8 million. Accordingly EBIT after non-recurring charges amounted to €15.7 million (H1/2016: €9.6 million).

Net financing result

€ million	2017	2016	1st Half Year Change
Interest income	0.2	0.3	-33.3%
Interest expense	-15.2	-15.7	3.2%
Imputed interest convertible bonds (non-cash)	-4.0	-4.0	0.0%
Imputed interest finance lease (non-cash)	-0.8	0.0	-
Interest expense on pensions	-3.2	-3.9	17.9%
Interest expense, net	-23.0	-23.3	1.3%
Amortization of refinancing costs (non-cash)	-3.8	-1.6	>-100%
Foreign currency valuation of Group loans (non-cash)	0.8	-0.1	>100%
Other financial expense	-0.2	-0.9	77.8%
Other financing result	-3.2	-2.6	-23.1%
Net financing result	-26.2	-25.9	-1.2%

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.

Net interest expense is basically unchanged compared to the prior year period. Lower interest expense on pensions of €3.2 million (H1/2016: €3.9 million) was offset by increased imputed interest for finance leases. The accelerated amortization of refinancing costs resulted from the known change in estimate for the corporate bond, where a repayment is assumed in the second half of 2017 compared to its original maturity in January 2021.

Foreign currency impacts resulting from the intercompany financing of subsidiaries improved to €0.7 million in the first half 2017 compared to minus €0.1 million in the prior year period. Other financial expenses in the prior year period include €0.8 million expenses in connection with financing activities.

Condensed Consolidated Income Statement (continued)

€ million	1st Half Year		
	2017	2016	Change
Operating profit (EBIT)	15.7	9.6	63.5%
Net financing result	-26.2	-25.9	-1.2%
Result from continuing operations before income taxes	-10.5	-16.3	35.6%
Income tax expense	-5.0	-6.7	25.4%
Result from continuing operations	-15.5	-23.0	32.6%
Result from discontinued operations, net of income taxes	13.9	-49.4	>100%
Net result for the period	-1.6	-72.4	97.8%
Attributable to:			
Non-controlling interests	2.0	0.8	>100%
Consolidated net result (attributable to shareholders of the parent company)	-3.6	-73.2	95.1%
Earnings per share, basic and diluted (in €)	-0.03	-0.80	96.3%
Earnings per share continuing operations, basic and diluted (in €)	-0.14	-0.26	46.2%

Result from continuing operations

Due to the developments described above, the result from continuing operations before income taxes improved from minus €16.3 million in the prior year period to minus €10.5 million in the reporting period. Income tax expense of €5.0 million was influenced by provisions for tax audits; the amount of €6.7 million in the prior year period was impacted by valuation allowances on deferred taxes.

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

The result from discontinued operations primarily includes income and expenses incurred by the business unit Performance Products (PP) and amounted to €13.9 million in the reporting period compared to a prior period loss of €49.4 million.

With the sales agreement for the graphite electrodes business (GE) dated October 20, 2016, the estimated losses until closing were already recognized in the prior year. A

reversal of impairment losses amounting to €4.0 million resulted from the remeasurement of GE at fair value less costs to sell. The result from discontinued operations of the PP business also included the cathodes, furnace linings and carbon electrodes business activities that continued to improve its earnings compared to the good prior year level. The result from discontinued operations of PP in the prior year period was characterized by a significant price decline, restructuring expenses of €5.1 million and a one-time deferred tax impact amounting to approx. €14 million as a result of the legal separation. These effects relate to the graphite electrodes business only.

Consolidated net result of the period amounted to minus €3.6 million compared to minus €73.2 million in the first half 2016 (after consideration of non-controlling interests of minus €2.0 million in the reporting period and minus €0.8 million in the first half 2016).

Balance sheet structure

ASSETS €m	Jun. 30, 17	Dec. 31, 16	Change
Non-current assets	612.0	636.2	-3.8%
Current assets	695.4	722.3	-3.7%
Assets held for sale	538.8	540.7	-0.4%
Total assets	1,846.2	1,899.2	-2.8%
EQUITY AND LIABILITIES €m			
Equity attributable to the shareholders of the parent company	326.7	331.8	-1.5%
Non-controlling interests	15.7	16.1	-2.5%
Total equity	342.4	347.9	-1.6%
Non-current liabilities	878.1	1,127.4	-22.1%
Current liabilities	432.2	237.3	82.1%
Liabilities in connection with assets held for sale	193.5	186.6	3.7%
Total equity and liabilities	1,846.2	1,899.2	-2.8%

Total assets as of June 30, 2017, decreased slightly by €53.0 million or 2.8% to €1,846.2 million compared to December 31, 2016. The decrease in total assets is in particular attributable to the lower liquidity, to capital expenditures being below the level of depreciation and amortization expense as well as foreign currency exchange differences amounting to €37.9 million, mainly resulting from the weaker US-Dollar.

Current assets decreased by €26.9 million despite an increase in trade receivables mainly due to the €43.1 million lower liquidity of the continuing operations.

The decrease in non-current liabilities and the corresponding increase in current liabilities as of June 30, 2017 are attributable to the reclassification of the convertible bond with an outstanding amount of €239.2 million (due for repayment at the beginning of 2018) to current liabilities, as the remaining maturity is now less than one year. In addition, non-current liabilities decreased as a result of an adjustment of the pension discount rates to the expected long-term interest environment in Germany and in the US by 0.2%-points to 1.8% and by minus 0.2%-points to 3.8%, respectively, resulting in a decrease in pension provisions by €6.1 million. The change in current liabilities is also impacted by a reduction in trade accounts payable by €20.3 million to €83.6 million compared to December 31, 2016. Furthermore, the final installment of the purchase price liability due to the purchaser of HITCO's Aerostructures business amounting to USD 9.2 million was paid during the reporting period.

Working Capital

€ million	Jun. 30, 17	Dec. 31, 16	Change
Inventories	272.3	268.9	1.3%
Trade receivables	109.7	89.2	23.0%
Trade payables	-83.6	-103.9	-19.5%
Working Capital	298.4	254.2	17.4%

In spite of higher sales revenue, inventories remained close to the prior year level. A significant revenue-driven increase in trade receivables was recorded primarily in the business unit CFM. Moreover, working capital increased during the first half 2017 due to the significant reduction in trade payables.

Changes in equity

As of June 30, 2017, equity attributable to the shareholders of the parent company amounted to €326.7 million (December 31, 2016: €331.8 million). Beside the slightly negative net result, the reduction is mainly attributable to foreign currency effects amounting to €5.5 million, resulting from the weaker US-Dollar and from the Malaysian ringgit. The adjustment of pension interest rates as a result of the higher interest environment increased shareholders' equity by €3.5 million (after taxes). Overall, the equity ratio improved slightly to 17.7% compared to 17.5% as of December 31, 2016 due to the decrease in total assets.

Net financial debt

€ million	Jun. 30, 17	Dec. 31, 16	Change
Carrying amount of current and non-current financial liabilities	747.5	751.9	-0.6%
Remaining imputed interest for the convertible bonds	16.5	20.5	-19.5%
Accrued refinancing cost	6.2	10.0	-38.0%
Total financial debt (nominal amount)	770.2	782.4	-1.6%
Liquidity - continuing operations	286.4	329.5	-13.1%
Liquidity - discontinued operations	6.8	3.5	94.3%
Total liquidity (continuing and discontinued)	293.2	333.0	-12.0%
Net financial debt - continuing and discontinued operations	477.0	449.4	6.1%
thereof: SGL ACF			
Non-current financial liabilities	106.2	117.1	-9.3%
Cash and cash equivalents	2.1	6.9	-69.6%
Net financial debt SGL ACF	104.1	110.2	-5.5%
Net financial debt excluding SGL ACF	372.9	339.2	9.9%

The financial debt mainly includes our corporate bond, the two convertible bonds, the netted amounts of the remaining imputed interest component, the refinancing costs as well as the proportional net debt of SGL ACF.

As of June 30, 2017, net financial debt increased by €27.6 million or 6.1% to €477.0 million mainly due to the decrease in total liquidity by €39.8 million. This development is primarily attributable to the buildup of working capital due to the payment of trade payables, as well as the payment of the final installment of the negative purchase price related to the disposal of HITCO's Aerostructures business amounting to USD 9.2 million. An opposite effect came from the financial debt of SGL ACF, which was reduced due to the weaker US-Dollar.

Free Cashflow

€ million	1st Half Year	
	2017	2016
Cash flow from operating activities		
Result from continuing operations before income taxes	–10.5	–16.3
Restructuring expenses	0.8	0.0
Depreciation/amortization expense	24.6	24.0
Changes in working capital	–61.2	–35.1
Miscellaneous items	9.5	–8.6
Cash flow from operating activities - continuing operations	–36.8	–36.0
Cash flow from operating activities - discontinued operations	17.5	–20.1
Cash flow from operating activities - continuing and discontinued operations	–19.3	–56.1
Cash flow from investing activities		
Payments to purchase intangible assets and property and plant and equipment	–14.7	–9.2
Proceeds from the sale of intangible assets and property, plant & equipment	7.0	0.1
Dividend payments from investments accounted for At-Equity	6.0	3.0
Payments received for divestitures	14.7	0.0
Payments for capital contributions concerning investments accounted for At-Equity and investments in other financial assets	–3.5	–4.4
Other investing activities	–2.4	0.0
Cash flow from investing activities - continuing operations	7.1	–10.5
Cash flow from investing activities - discontinued operations	–18.4	–17.9
Cash flow from investing activities - continuing and discontinued operations	–11.3	–28.4
<i>Free cash flow¹⁾ - continuing operations</i>	<i>–29.7</i>	<i>–46.5</i>
<i>Free cash flow¹⁾ - discontinued operations</i>	<i>–0.9</i>	<i>–38.0</i>

¹⁾ Defined as cash flow from operating activities minus cash flow from investing activities

Cash flow from operating activities – continuing operations – remained nearly stable at minus €36.8 million in the first half 2017 after minus €36.0 million in the prior year period despite the significant build up of working capital. This reflects the improvement in the operating result. Cash flow from investing activities improved to plus €7.1 million (H1/2016: minus €10.5 million) and includes the cash inflows from the sale of the carbon fiber production site in Evanston as well as the proceeds from a land sale in Banting (Malaysia) which was signed in 2016.

After consideration of this positive cash flow from investing activities, free cash flow from continuing operations of the reporting period improved significantly to minus €29.7 million compared to the prior year period (H1/2016: minus €46.5 million).

Free cash flow from discontinued operations improved significantly to minus €0.9 million in the reporting period (H1/2016: minus €38.0 million). This development is the result of the improved operating performance of the GE business and in particular the absence of restructuring payments for PP of approximately €20 million in the first half of 2016. Furthermore, free cash flow includes payments to purchase property plant and equipment for PP of €9.1 million (H1/2016: €4.5 million) and the final payment related to the sale of HITCO's Aerostructures business of USD 9.2 million (H1/2016: payments related to the disposal of HITCO's Aerostructures business amounting to approx. USD 18 million).

Employees

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

Headcount	Jun. 30, 17	Dec. 31, 16	Change
Composites - Fibers & Materials	1,173	1,183	-0.8%
Graphite Materials & Systems	2,517	2,496	0.8%
Corporate	241	263	-8.4%
Total continuing operations	3,931	3,942	-0.3%
Discontinued operations (PP)	1,424	1,442	-1.2%
Total SGL Group	5,355	5,384	-0.5%

Headcount	Jun. 30, 17	Dec. 31, 16	Change
Germany	1,816	1,789	1.5%
Europe excluding Germany	1,016	1,014	0.2%
North America	677	711	-4.8%
Asia	422	428	-1.4%
Total continuing operations	3,931	3,942	-0.3%
Discontinued operations (PP)	1,424	1,442	-1.2%
Total SGL Group	5,355	5,384	-0.5%

The number of employees in SGL Group amounted to 5,355 as of June 30, 2017 (December 31, 2016: 5,384) and mainly decreased in Corporate resulting from CORE measures compared to year-end. In the course of the year, the headcount reduction resulting from project CORE will be compensated by the selective increase in employees in the business units to execute the growth strategy.

Employees of shared service functions are allocated to the reporting segments based on performance related keys. Headcount of Corporate still includes employees who provide services to the discontinued business unit PP.

Opportunities and risks

Regarding existing opportunities and risks, we refer to the detailed statements in the annual report for the financial year ended December 31, 2016. Opportunities and risks, which are presented in abbreviated form below, have not materially changed from the statements made in the annual report.

Even though the growth of the global economy in 2017 continues to develop dynamically as expected, at the present stage the economy is characterized by various uncertainties such as the course of the US government, a rising worldwide trend in protectionism and the upcoming Brexit. Governmental reactions and sanctions in relation to the situation in crises areas, as well as the unstable political situation in the Middle East and Africa could also result in a negative impact. If our growth markets do not develop as dynamically as expected, it could have a negative impact on our results of operations, financial position and net assets.

The risk situation in the reporting segment **Composites – Fibers & Materials** mainly continues to arise from demand for industrial carbon fibers and composites materials. Risks can arise from slower growth than expected, 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. Should the market for fiber composite materials develop faster than expected, it would have a positive impact on our medium term results of operations. The business interests of individual partners may develop differently over time, making it necessary to establish a new foundation for the partnership.

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 risks in profit contribution for individual products, customer industries as well as within various regions. The Process Technology business is faced with intensive competition for only few large projects. We see good growth opportunities for our graphite anode materials for lithium-ion batteries. Depending on the technical solutions and the speed with which electric mobility will penetrate the market, this could result in opportunities and risks compared to our planning.

On the **Group** level, focus is on the implementation of project CORE. Its successful implementation, to adjust the organizational model and size of the organization to a smaller SGL Group following the entire PP disposal, could result in additional opportunities to increase efficiency and to improve financials. As a result, our competitive position will be strengthened by an improved cost position, lean administrative structures together with more efficient and adapted production capacities.

Our growth strategy results in increasing capacity utilization: Production downtime at one or more sites could lead to delivery problems with regard to volumes and quality and have a negative impact. Any ban on the hazardous materials used in production could mean, in the medium term, that we are no longer able to continue our manufacturing processes the way they are established today.

Changes in tax or legal provisions in individual countries in which we operate may lead to a higher tax expense and higher tax payments and may have an impact on our recognized deferred tax assets.

The disposal of the reporting segment Performance Products bears opportunities and risks. The sale of the graphite electrode business to Showa Denko is, among other factors, dependent on regulatory approvals. Final negotiations with the relevant US antitrust authority for merger clearance are currently ongoing. From today's point of view, we cannot rule out that closing may slip into the beginning of the fourth quarter. The sale of the cathodes, furnace linings, and carbon electrodes business was signed on August 8, 2017, with a planned closing in the fourth quarter 2017. This transaction is also dependent on regulatory approvals. Any major delay or failure to complete these dispositions could have negative effects on the business, financial condition and results of operations.

As a result of the capital increase in December 2016 and the availability of a syndicated credit line, which was renegotiated in December 2016, with an already available – but not yet drawn – tranche of €50 million, the Company has sufficient liquidity. The financing agreements of SGL Group contain contractually agreed covenants that regulate compliance with specific financial ratios during the terms of the agreements. Should some of the outlined business risks materialize during the fiscal year 2017, it is possible that we might not be able to fully achieve the relevant financial ratios in the following quarters. In this case, SGL Group will be unable to draw unused credit lines unless amendments with the participating banks are obtained.

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)

Our expectations for the reporting segment Composites – Fibers & Materials (CFM) remain within the framework of the guidance, which we provided in March 2017 with the publication of our annual report. The anticipated slight¹⁾ increase in sales will, above all, be driven by a higher demand for carbon fibers for industrial applications as well as higher pricing in textile fibers. Sales increases are also expected with the automotive industry. In contrast, sales to the aerospace sector should be below the prior year level, which was positively impacted by higher invoicing in the US aerospace business. From today's point of view, business with the wind energy industry is also expected below the prior year level.

We anticipate EBIT for 2017 in this reporting segment to remain on the prior year level, mainly due to ramp up costs for the Lightweight and Applications Center (LAC), which is

¹⁾ "Slight" indicates a variation of up to 10%; "significant" indicates a variation of more than 10%

designated for developing future business with the automotive and aerospace industry. This development will presumably offset the positive effects from the higher capacity utilization. In addition, the 2016 EBIT also included a higher positive effect from high invoicing levels in the US aerospace business. A potentially higher, raw material cost driven sales in the market segment textile fibers will on the contrary not positively influence our earnings expectations, since this is primarily a pass through factor.

As in the prior year, the highest quarterly earnings of this fiscal year were probably achieved in the first quarter 2017, due to, on one hand, high invoicing levels once again in the US American aerospace business, and, on the other hand, based on very high capacity utilization. The following quarters will not quite match the invoicing-related strong first quarter. This is particularly true for the third quarter due to holiday and scheduled maintenance shutdowns.

Reporting segment Graphite Materials & Systems (GMS)

Based on the strong first half year in the reporting segment Graphite Materials & Systems (GMS) we slightly increase our guidance published in March 2017 and now anticipate approximately 10% sales growth, driven by almost all market segments with the exception of chemicals, since this activity is still adversely impacted by the restrained investment activities of chemical companies. We are planning a significant increase with customers from the solar industry, mainly due to our product portfolio, which is geared to that dynamic market, and also due to our improved competitiveness and regional positioning. Growth is also expected in industrial applications, in the lithium-ion battery business as well as with customers from the LED industry. The anticipated significant increase in EBIT is based on higher capacity utilization in nearly all business activities as well as cost savings. As a result, it should be possible to achieve our target Group ROCE (ratio of EBITDA to capital employed) of 15% in this business unit.

Reporting segment Corporate

Prior year EBIT in the reporting segment Corporate benefited from the positive one-off effect generated by a land sale in Malaysia. Consequently, the reported EBIT will deteriorate slightly in 2017. After adjusting for those proceeds, EBIT should be approximately at the level of the previous year. The discontinuation of services previously provided to our GE and CFL/CE businesses, which are currently being sold, should be compensated for by the cost savings generated by project CORE.

Group

We confirm the Group guidance as published in March 2017: expected volume growth and the implementation of initial CORE measures should allow Group EBITDA and Group EBIT (both before non-recurring charges) to increase more than proportionately to sales, which we anticipate to grow by a high single digit percentage.

The anticipated operational improvement will likely not be reflected in the Group consolidated net result from continuing operations, mainly because of the positive one-off effects realized through the sale of the Evanston site (USA) in the previous year and the planned early redemption of our corporate bond (write-off of the capitalized refinancing costs and early prepayment penalty) during the current year, which will increase the expenses in the financial result. As a result, we anticipate a net loss from continuing operations in the mid-double-digit million euro range.

The result from discontinued operations, and thus the Group result, will be characterized both by the anticipated strong improvement in the operational business of our former reporting segment PP and by effects from the sale of PP. The sale of the CFL/CE business will lead to a book profit of approx. €130 million upon closing, which is expected in the fourth quarter 2017.

After limiting our capital expenditure in the previous year due to the weak financial situation, capital expenditure will be increased significantly during the current year. Depending on the realization of growth opportunities, it could be sensible to bring forward some investments, thus possibly slightly exceeding the level of depreciation and amortization. In our reporting segment CFM, the continued expansion of our Lightweight and Applications Center (LAC) remains the focus of our capital expenditure. In our reporting segment GMS, we are focusing our capital expenditure on maintenance measures, the expansion of coating capacities for the LED industry, the expansion of production capacities for our anode materials for the lithium-ion battery industry, and minor capacity expansions for sectors such as the solar industry.

We have made substantial progress in the strategic realignment and transformation of SGL Group. On October 20, 2016, we signed the sale and purchase agreement to sell our graphite electrode (GE) business to Showa Denko (Japan) for an enterprise value (cash and debt free) of €350 million. After deduction of standard debt-like items (mainly pension and restructuring provisions), this transaction is expected to result in cash proceeds of at least €200 million at closing, which is expected in the second half of 2017.

On August 8, 2017, we signed the sales and purchase agreement to sell our CFL/CE business to Triton for an enterprise value of €250 million. After deduction of standard debt-like items, this transaction is expected to result in cash proceeds of more than €230 million at closing, which is expected for the fourth quarter 2017. Based on these assumptions, net debt at year end 2017 should be significantly below the year end 2016 level.

With the proceeds from the December 2016 rights issue as well as the proceeds from the sale of the former business unit PP, we intend to redeem early our corporate bond with a nominal of €250 million as well as repay at maturity in January 2018 our convertible bond with a nominal of €240 million, thus reducing our interest expenses, significantly lowering our net debt and improving our balance sheet ratios.

Wiesbaden, August 10, 2017

SGL Carbon SE

The Board of Management

Condensed Consolidated Interim Financial Statements

(unaudited)

Consolidated Income Statement

	2nd Quarter			1st Half Year		
	2017	2016	Change	2017	2016	Change
€ million						
Sales revenue	219.0	191.9	14.1%	435.3	379.4	14.7%
Cost of sales	-171.6	-158.7	-8.1%	-345.2	-307.7	-12.2%
Gross profit	47.4	33.2	42.8%	90.1	71.7	25.7%
Selling expenses	-22.9	-19.9	-15.1%	-46.2	-39.4	-17.3%
Research and development costs	-7.6	-7.8	2.6%	-15.0	-16.1	6.8%
General and administrative expenses	-11.0	-11.7	6.0%	-21.9	-24.2	9.5%
Other operating income	7.9	13.5	-41.5%	16.7	26.0	-35.8%
Other operating expenses	-9.5	-5.9	-61.0%	-12.3	-11.7	-5.1%
Result from investments accounted for At-Equity	2.6	1.8	44.4%	5.1	3.3	54.5%
Restructuring expenses	-0.2	-0.2	0.0%	-0.8	0.0	-
Operating profit	6.7	3.0	>100%	15.7	9.6	63.5%
Interest income	0.1	0.2	-50.0%	0.2	0.3	-33.3%
Interest expense	-11.5	-11.8	2.5%	-23.2	-23.6	1.7%
Other financing result	-0.7	1.0	>-100%	-3.2	-2.6	-23.1%
Result from continuing operations before income taxes	-5.4	-7.6	28.9%	-10.5	-16.3	35.6%
Income tax expense	-4.1	0.8	>-100%	-5.0	-6.7	25.4%
Result from continuing operations	-9.5	-6.8	-39.7%	-15.5	-23.0	32.6%
Result from discontinued operations, net of income taxes	7.4	-39.6	>100%	13.9	-49.4	>100%
Net result for the period	-2.1	-46.4	95.5%	-1.6	-72.4	97.8%
Thereof attributable to:						
Non-controlling interests	1.2	0.4	>100%	2.0	0.8	>100%
Consolidated net result (attributable to shareholders of the parent company)	-3.3	-46.8	92.9%	-3.6	-73.2	95.1%
Earnings per share, basic and diluted (in €)	-0.03	-0.51	94.1%	-0.03	-0.80	96.3%
Earnings per share continuing operations, basic and diluted (in €)	-0.08	-0.08	0.0%	-0.14	-0.26	46.2%

Consolidated Statement of Comprehensive Income

€ million	2nd Quarter		1st Half Year	
	2017	2016	2017	2016
Net result for the period	-2.1	-46.4	-1.6	-72.4
Items that may be reclassified subsequently to profit or loss				
Changes in the fair value of securities available for sale	0.0	0.0	0.1	0.0
Cash flow hedges ¹⁾	-0.3	-0.7	0.6	-0.6
Currency translation	-11.5	-5.2	-5.7	-5.4
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses on pensions and similar obligations ²⁾	2.9	-17.0	3.5	-37.7
Other comprehensive income	-8.9	-22.9	-1.5	-43.7
Comprehensive income	-11.0	-69.3	-3.1	-116.1
Thereof attributable to:				
Non-controlling interests	0.9	0.6	1.8	0.9
Consolidated net result (attributable to shareholders of the parent company)	-11.9	-69.9	-4.9	-117.0

¹⁾ Includes tax effects of €0.1 million and €0.2 million in the first half year of 2017 and 2016, respectively

²⁾ Includes tax effects of €2.4 million and €17.8 million in the first half year of 2017 and 2016, respectively

Consolidated Balance Sheet

ASSETS €m	Jun. 30, 17	Dec. 31, 16	Change
Non-current assets			
Goodwill	21.9	23.3	-6.0%
Other intangible assets	15.4	17.3	-11.0%
Property, plant and equipment	470.1	493.0	-4.6%
Investments accounted for At-Equity	44.3	39.5	12.2%
Other non-currents assets	3.8	6.4	-40.6%
Deferred tax assets	56.5	56.7	-0.4%
	612.0	636.2	-3.8%
Current assets			
Inventories	272.3	268.9	1.3%
Trade receivables	109.7	89.2	23.0%
Other receivables and other assets	27.0	34.7	-22.2%
Liquidity	286.4	329.5	-13.1%
<i>Time deposits</i>	5.0	5.0	0.0%
<i>Cash and cash equivalents</i>	281.4	324.5	-13.3%
	695.4	722.3	-3.7%
Assets held for sale	538.8	540.7	-0.4%
Total assets	1,846.2	1,899.2	-2.8%

EQUITY AND LIABILITIES €m	Jun. 30, 17	Dec. 31, 16	Change
Equity			
Issued capital	313.2	313.2	0.0%
Capital reserves	1,032.7	1,032.7	0.0%
Accumulated losses	-1,019.2	-1,014.1	-0.5%
Equity attributable to the shareholders of the parent company	326.7	331.8	-1.5%
Non-controlling interests	15.7	16.1	-2.5%
Total equity	342.4	347.9	-1.6%
 Non-current liabilities			
Provisions for pensions and similar employee benefits	292.4	306.0	-4.4%
Other provisions	36.8	35.9	2.5%
Interest-bearing loans	510.0	748.8	-31.9%
Other liabilities	38.9	36.7	6.0%
	878.1	1,127.4	-22.1%
 Current liabilities			
Other provisions	78.5	84.3	-6.9%
Current portion of interest-bearing loans	237.5	3.1	>100%
Trade payables	83.6	103.9	-19.5%
Other liabilities	32.6	46.0	-29.1%
	432.2	237.3	82.1%
 Liabilities in connection with assets held for sale	193.5	186.6	3.7%
Total equity and liabilities	1,846.2	1,899.2	-2.8%

Consolidated Cash Flow Statement

	1st Half Year	
€ million	2017	2016
Cash flow from operating activities		
Result from continuing operations before income taxes	–10.5	–16.3
Adjustments to reconcile the result from continuing operations to cash flow from operating activities:		
Interest expense (net)	23.0	23.3
Result from the disposal of property, plant and equipment	–0.2	–0.1
Depreciation/amortization expense	24.6	24.0
Restructuring expenses	0.8	0.0
Result from investments accounted for At-Equity	–5.1	–3.3
Amortization of refinancing costs	3.8	1.6
Interest received	0.2	0.3
Interest paid	–15.0	–14.9
Income taxes paid	–2.0	–1.7
Changes in provisions, net	–4.8	–0.8
Changes in working capital		
Inventories	–10.8	–7.2
Trade receivables	–31.6	–14.7
Trade payables	–18.8	–13.2
Changes in other operating assets/liabilities	9.6	–13.0
Cash flow from operating activities - continuing operations	–36.8	–36.0
Cash flow from operating activities - discontinued operations	17.5	–20.1
Cash flow from operating activities - continuing and discontinued operations	–19.3	–56.1

	1st Half Year	
€ million	2017	2016
Cash flow from investing activities		
Payments to purchase intangible assets and property, plant & equipment	–14.7	–9.2
Proceeds from the sale of intangible assets and property, plant & equipment	7.0	0.1
Dividend payments from investments accounted for At-Equity	6.0	3.0
Payments received for divestitures	14.7	0.0
Payments for capital contributions concerning investments accounted for At-Equity and investments in other financial assets	–3.5	–4.4
Other investing activities	–2.4	0.0
Cash flow from investing and cash management activities - continuing operations	7.1	–10.5
Cash flow from investing activities and cash management activities - discontinued operations	–18.4	–17.9
Cash flow from investing activities and cash management activities - continuing and discontinued operations	–11.3	–28.4
Cash flow from financing activities		
Proceeds from issuance of financial liabilities	0.0	0.8
Repayment of financial liabilities	–4.0	–2.3
Payments in connection with financing activities	–0.4	–0.8
Other financing activities	–0.4	–0.5
Cash flow from financing activities - continuing operations	–4.8	–2.8
Cash flow from financing activities - discontinued operations	0.0	0.0
Cash flow from financing activities - continuing and discontinued operations	–4.8	–2.8
Effect of foreign exchange rate changes	–0.9	0.0
Net change in cash and cash equivalents	–36.3	–87.3
Cash and cash equivalents at beginning of period	324.5	236.8
Cash and cash equivalents at end of period	288.2	149.5
Time deposits at end of period	5.0	12.0
Total liquidity	293.2	161.5
Less: Cash and cash equivalents of discontinued operations at end of period	6.8	19.6
Liquidity	286.4	141.9

Condensed Consolidated Statement of Changes in Equity

1st Half Year 17			
€ million	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
Balance at January 1	331.8	16.1	347.9
Net result for the period	−3.6	2.0	−1.6
Other comprehensive income	−1.3	−0.2	−1.5
Comprehensive income	−4.9	1.8	−3.1
Other changes in equity ¹⁾	−0.2	−2.2	−2.4
Balance at Jun. 30	326.7	15.7	342.4

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 increase 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

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 products and solutions based on carbon fibers and specialty graphites.

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, 2016. The condensed consolidated interim financial statements as of June 30, 2017 apply the same accounting principles and practices as those used in the 2016 annual financial statements.

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, 2017. The condensed consolidated interim financial statements and interim group management report have been neither audited nor subject to an auditor's review.

Changes to the scope of consolidation

With the exception of the sale of SGL Carbon Fibers LLC, Evanston, there were no changes to the scope of consolidation as of June 30, 2017, compared to December 31, 2016.

IFRS 15 revenue recognition

SGL currently plans to implement IFRS 15 on the basis of the modified retrospective method, accounting for the aggregate amount of any transition effects by way of an adjustment to retained earnings as of January 1, 2018, and presenting the comparative period in line with previous rules. All of the established business models of the continuing operations of the SGL Group were examined in the course of the implementation project. Based on current knowledge, SGL Group does not anticipate

any material changes in the timing of revenue recognition of our so far analyzed businesses or their components. The evaluation of certain individual agreements has not yet been completed.

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.

	1st Half Year	
€ million	2017	2016
Sales revenue from discontinued operations	217.4	208.6
Total expenses from discontinued operations	-204.1	-241.5
Result from operating activities of discontinued operations before income taxes		
Attributable tax expense	-3.4	-16.5
Reversal of impairment losses arising on the remeasurement of assets included in disposal groups at fair value less costs to sell	4.0	
Result from discontinued operations ¹⁾		
Earnings per share - discontinued operations, basic and diluted (in €)	0.11	-0.54

¹⁾ Attributable to the shareholders of the parent company

The business divisions classified as discontinued operations are measured at the lower of its carrying amount and fair value less cost to sell. Besides PP assets held for sale include the land and buildings remaining with the SGL Group after the business activities of HITCO were sold in 2015.

The carrying amount of the main items of assets and liabilities (net of impairment losses and reversal of impairment losses) amount to:

€ million	Jun. 30, 17	Dec. 31, 16
Other intangible assets and property, plant and equipment	281.4	288.3
Inventories	146.9	142.3
Trade receivables	73.9	71.7
Other receivables and other assets	17.9	22.1
Deferred tax assets	11.9	12.8
Liquidity	6.8	3.5
Assets held for sale	538.8	540.7
Provisions for pensions and similar employee benefits	85.1	85.7
Other provisions	23.1	29.1
Trade payables	55.3	41.5
Deferred tax liabilities	25.1	25.4
Other liabilities	4.9	4.9
Liabilities in connection with assets held for sale	193.5	186.6

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 Discs), 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	2017	2016
Ownership interest	50%	50%
Income statement		
Sales revenue (100%)	98.9	93.4
Operating profit (EBIT)	14.3	11.3
Net financing result	-0.6	-0.8
Net result for the period (100%)	8.6	5.8
Share of SGL Group in the net result for the period	4.3	2.9
Balance Sheet	Jun. 30, 17	Dec. 31, 16
Non-current assets	77.4	75.7
Current assets	73.1	72.5
<i>Thereof cash and cash equivalents</i>	23.1	36.0
Non-current liabilities	32.3	34.9
<i>Thereof financial liabilities</i>	25.3	28.4
Current liabilities	47.7	46.5
<i>Thereof financial liabilities</i>	7.6	7.3
Net assets (100%)	70.5	66.8
Share of SGL Group in the net assets (50%)	35.3	33.4
Goodwill/customer base	3.8	3.9
Accumulated impairment losses	-2.6	-2.6
Carrying amount of material joint ventures	36.5	34.7

The carrying amount of remaining investments accounted for At-Equity was €7.9 million (Dec. 31, 2016: €4.8 million) and their contribution to the result from investments accounted for At-Equity during H1/2017 was €0.8 million (H1/2016: €0.3 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	Measurement category under IAS 39	Carrying amount at Jun. 30, 17	Carrying amount at Dec. 31, 16
Financial assets			
Cash and cash equivalents	1)	281.4	324.5
Time deposits	1)	5.0	5.0
Trade receivables	1)	109.7	89.2
Available-for-sale financial assets	2)	3.6	3.7
Other financial assets	1)	0.0	2.6
Derivative financial assets			
Derivatives without a hedging relationship ¹⁾	3)	1.4	1.4
Derivatives with a hedging relationship	n.a.	1.3	2.1
Financial liabilities			
Corporate bond	4)	250.0	250.0
Convertible bonds	4)	389.7	386.5
Bank loans, overdrafts and other financial liabilities	4)	114.0	125.4
Refinancing costs	4)	-6.2	-10.0
Finance lease liabilities	n.a.	21.9	20.9
Trade payables	4)	83.6	103.9
Miscellaneous other financial liabilities	4)	17.2	26.8
Derivative financial liabilities			
Derivatives without a hedging relationship ²⁾	5)	0.0	0.2
Derivatives with a hedging relationship	n.a.	0.0	0.6
Thereof aggregated by measurement category in accordance with IAS 39			
1) Loans and receivables		396.1	421.3
2) Available-for-sale financial assets		3.6	3.7
3) Financial assets held for trading		1.4	1.4
4) Financial liabilities measured at amortized cost		848.3	882.6
5) Financial liabilities held for trading		0.0	0.2

¹⁾ Thereof €1.4 million (Dec. 31, 2016: €1.4 million) classified as cash flow hedges prior to the settlement of the hedged item or for hedging of intercompany loans in foreign currency

²⁾ Thereof €0.0 million (Dec. 31, 2016: €0.2 million) classified as cash flow hedges prior to the settlement of the hedged item or for hedging of intercompany loans in foreign currency

n.a. = not applicable

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, 17				
€ million	Level1	Level2	Level3	Total
Available-for-sale financial assets	3.6			3.6
Derivative financial assets	-	2.7		2.7
Derivative financial liabilities	-	0.0		0.0

Dec. 31, 16				
€ million	Level1	Level2	Level3	Total
Available-for-sale financial assets	3.7	-	-	3.7
Derivative financial assets	-	3.5	-	3.5
Derivative financial liabilities	-	0.8	-	0.8

The fair value of the corporate bond recorded at amortized costs was €258.0 million as of June 30, 2017 (December 31, 2016: €256.2 million). The fair market value of the convertible bonds 2012/2018 and 2015/2020 as of June 30, 2017, was €241.8 million (December 31, 2016: €239.6 million) and €172.1 million (December 31, 2016: €158.7 million), respectively. As the fair values 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 remained unchanged to December 31, 2016 at €313.2 million as of June 30, 2017, and is divided into 122,341,478 no-par value ordinary bearer shares at €2.56 per share. During the first half 2017, no new shares were issued from the authorized capital. As of June 30, 2017, there were 2,535,245 SARs outstanding. SGL Carbon SE held a total of 70,501 of its own shares (treasury shares) as of June 30, 2017. Based on an average number of 122.3 million shares, basic earnings per share from continuing operations amounted to minus €0.14 (H1/2016: minus €0.26 for continuing operations based on 92.0 million shares).

Segment informationen

€ million	CFM	GMS	Corporate	Consolidation adjustments	SGL Group
1st Half Year 2017 - continuing operations					
External sales revenue	176.2	255.1	4.0	0.0	435.3
Intersegment sales revenue	2.5	0.0	13.7	-16.2	0.0
Total sales revenue	178.7	255.1	17.7	-16.2	435.3
Operating profit (EBIT) before non-recurring charges (recurring EBIT)	12.4	23.9	-13.8	0.0	22.5
Non-recurring charges ¹⁾	-6.0	0.0	-0.8	0.0	-6.8
Operating profit/loss (EBIT) after non-recurring charges	6.4	23.9	-14.6	0.0	15.7
Capital expenditures ²⁾	3.6	10.0	1.1	0.0	14.7
Earnings before interest, taxes, depreciation and amortization (EBITDA) before non-recurring charges	22.9	35.1	-10.9	0.0	47.1
Amortization/depreciation on intangible assets and property, plant and equipment	10.5	11.2	2.9		24.6
Working Capital ³⁾	118.8	200.4	-20.8	0.0	298.4
Capital employed ⁴⁾	394.7	396.9	58.5	0.0	850.1

€ million	CFM	GMS	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 (EBIT) before non-recurring charges (recurring EBIT)	12.2	13.5	-16.1	0.0	9.6
Non-recurring charges ¹⁾	0.0	-0.4	0.4	0.0	0.0
Operating profit/loss (EBIT) after non-recurring charges	12.2	13.1	-15.7	0.0	9.6
Capital expenditures ²⁾	4.3	4.1	0.8	0.0	9.2
Earnings before interest, taxes, depreciation and amortization (EBITDA) before non-recurring charges	22.0	24.4	-12.8	0.0	33.6
Amortization/depreciation on intangible assets and property, plant and equipment	9.8	10.9	3.3	0.0	24.0
Working Capital (31.12.) ³⁾	95.2	183.4	-24.4	0.0	254.2
Capital employed (31.12.) ⁴⁾	386.4	385.7	57.8	0.0	829.9

¹⁾ Non-recurring charges include restructuring expenses and, in 2017, also foreign currency effects due to a deconsolidation of a subsidiary

²⁾ Defined as total of capital expenditure in other intangible assets and property, plant and equipment

³⁾ Defined as sum of inventories, and trade receivables less trade payables

⁴⁾ Defined as the sum of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity, and working capital

Subsequent events

SGL Carbon SE acquires shares from Tokai Carbon Co. Ltd. in Asian joint venture

On July 18, 2017, SGL Carbon SE acquired the shares owned by the Japanese carbon and graphite specialist Tokai Carbon Co. Ltd. in the joint venture SGL Tokai Process Technology (STPT), which operates on the Asian market. The closing of the contract will mark the date on which Tokai Carbon Co. Ltd.'s 49 percent share in the joint venture will be transferred to SGL Carbon SE. It was agreed to keep the purchase price confidential. This transaction has no material financial impact as the joint venture is already fully consolidated.

The three sites Shanghai (China), Yamanashi (Japan) and Kyung Ki-Do (South Korea) are being used to manufacture products and provide services in the Process Technology (PT) division, including skid mounted systems, process solutions, application technology, equipment and services, as well as products in the area fluid handling. Examples of specific products are graphite heat exchangers, distillation equipment for the energy and chemical industry or PTFE products and pumps. With this acquisition of the shares from the current joint venture partner, the company will be fully integrated into the structures of the GMS business unit and will from now on operate under the name of SGL Group.

Former business unit Performance Products (PP) sold: SGL Group signed agreement to sell its cathodes, furnace linings and carbon electrodes (CFL/CE) business to Triton

On August 8, 2017, we signed the sale and purchase agreement to sell the cathodes, furnace linings and carbon electrodes (CFL/CE) business to Triton. The two parties have agreed on an enterprise value (cash and debt free) of €250 million, which, after deduction of standard debt-like items (mainly pension provisions) as well as other customary market adjustments, results in cash proceeds of more than €230 million. The final proceeds will be determined based on the balance sheet at closing. The transaction is subject to customary closing conditions, relating in particular to antitrust approvals. Closing is expected in the fourth quarter 2017.

The sale will result in a book profit of approx. €130 million in the current fiscal year of SGL Group. With this transaction, the former business unit Performance Products (PP) has been sold at approx. €130 million above its book value on June 30, 2016, the date as of which the business was classified as held for sale.

With regards to the closing status of the sale of the graphite electrode business to Showa Denko, we are in intensive final discussions with the US authority on merger clearance.

The outcome of these discussions will not have any adverse impacts on the enterprise value or the expected cash proceeds. Nevertheless, we cannot rule out, from today's point of view, that closing may slip into the beginning of the fourth quarter 2017.

Wiesbaden, August 10, 2017

SGL Carbon SE

The Board of Management of SGL Group

Dr. Jürgen Köhler

Dr. Michael Majerus

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, 2017

SGL Carbon SE

The Board of Management

Other Information

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

€ million	1st Half Year		
	2017	2016	Change
Sales revenue			
Composites - Fibers & Materials	176.2	156.5	12.6%
Graphite Materials & Systems	255.1	218.9	16.5%
Corporate	4.0	4.0	0.0%
SGL Group - continuing operations	435.3	379.4	14.7%
SGL Group - discontinued operations (PP)	217.4	208.6	4.2%

€ million	1st Half Year		
	2017	2016	Change
EBIT before non-recurring charges (recurring EBIT)¹⁾			
Composites - Fibers & Materials	12.4	12.2	1.6%
Graphite Materials & Systems	23.9	13.5	77.0%
Corporate	-13.8	-16.1	14.3%
SGL Group - continuing operations	22.5	9.6	>100%
SGL Group - discontinued operations (PP)	6.9	-19.8	>100%

¹⁾ Non-recurring charges of €6.8 million and €0.0 million in the first half year 2017 and 2016, respectively

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

€ million	2016				Full Year	2017		
	Q1	Q2	Q3	Q4		Q1	Q2	1st Half
Sales revenue								
Composites - Fibers & Materials	82.3	74.2	78.0	82.9	317.4	93.6	82.6	176.2
Graphite Materials & Systems	103.0	115.9	102.5	122.7	444.1	121.4	133.7	255.1
Corporate	2.2	1.8	2.2	2.1	8.3	1.3	2.7	4.0
SGL Group - continuing operations	187.5	191.9	182.7	207.7	769.8	216.3	219.0	435.3
SGL Group - discontinued operations (PP)	107.2	101.4	101.7	109.4	419.7	103.4	114.0	217.4

€ million	2016				2017			
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	
EBIT before non-recurring charges (recurring EBIT)¹⁾								
Composites - Fibers & Materials	7.8	4.4	4.6	3.3	20.1	7.9	4.5	12.4
Graphite Materials & Systems	7.0	6.5	5.3	9.0	27.8	8.5	15.4	23.9
Corporate	-8.4	-7.7	-6.7	-4.4	-27.2	-6.8	-7.0	-13.8
SGL Group - continuing operations	6.4	3.2	3.2	7.9	20.7	9.6	12.9	22.5
SGL Group - discontinued operations (PP)	-8.8	-11.0	-0.6	-2.2	-22.6	3.9	3.0	6.9

in %	2016				2017			
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	
Return on sales (EBIT-margin) before non-recurring charges¹⁾								
Composites - Fibers & Materials	9.5	5.9	5.9	4.0	6.3	8.4	5.4	7.0
Graphite Materials & Systems	6.8	5.6	5.2	7.3	6.3	7.0	11.5	9.4
SGL Group - continuing operations	3.4	1.7	1.8	3.8	2.7	4.4	5.9	5.2
SGL Group - discontinued operations (PP)	-8.2	-10.8	-0.6	-2.0	-5.4	3.8	2.6	3.2

¹⁾ Non-recurring charges of €6.8 million and €0.0 million in the first half year 2017 and 2016, respectively

Quarterly Consolidated Income Statement

€ million	2016				2017			Q2	1st Half
	Q1	Q2	Q3	Q4	Full Year	Q1			
Sales revenue	187.5	191.9	182.7	207.7	769.8	216.3	219.0	435.3	
Cost of sales	-149.0	-158.7	-151.3	-173.9	-632.9	-173.6	-171.6		-345.2
Gross profit	38.5	33.2	31.4	33.8	136.9	42.7	47.4	90.1	
Selling, administrative, R&D and other operating income/expense	-33.6	-31.8	-30.5	-27.4	-123.3	-35.6	-37.1		-72.7
Result from investments accounted for At-Equity	1.5	1.8	2.3	1.5	7.1	2.5	2.6		5.1
Operating profit (EBIT) before non-recurring charges (recurring EBIT)	6.4	3.2	3.2	7.9	20.7	9.6	12.9	22.5	
Restructuring expenses/Others	0.2	-0.2	-0.6	-9.2	-9.8	-0.6	-6.2		-6.8
Reversal of impairment losses				12.8	12.8				
Operating profit (EBIT)	6.6	3.0	2.6	11.5	23.7	9.0	6.7	15.7	
Net financing result	-15.3	-10.6	-12.8	-12.2	-50.9	-14.1	-12.1		-26.2
Result from continuing operations before income taxes	-8.7	-7.6	-10.2	-0.7	-27.2	-5.1	-5.4	-10.5	
Income tax expense	-7.5	0.8	4.9	-5.0	-6.8	-0.9	-4.1		-5.0
Result from continuing operations	-16.2	-6.8	-5.3	-5.7	-34.0	-6.0	-9.5	-15.5	
Result from discontinued operations, net of income taxes	-9.8	-39.6	-45.3	19.0	-75.7	6.5	7.4		13.9
Net result for the period	-26.0	-46.4	-50.6	13.3	-109.7	0.5	-2.1	-1.6	
Thereof attributable to:									
Non-controlling interests	0.4	0.4	0.3	0.9	2.0	0.8	1.2		2.0
Consolidated net result (attributable to shareholders of the parent company)	-26.4	-46.8	-50.9	12.4	-111.7	-0.3	-3.3		-3.6

Financial Calender

November 9, 2017

- Report on the First Nine Months 2017
- Conference call for investors and analysts

Investor Relations Contact

SGL CARBON SE

Head Office | Investor Relations

Söhnleinstraße 8

65201 Wiesbaden

Telephone: +49 611 6029-103

Telefax: +49 611 6029-101

E-Mail: Investor-Relations@sglgroup.com

www.sglgroup.com

Produced in house with **firesys**

Important Note

This interim report contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to SGL Group's outlook and business development, including developments in SGL Group's Composites - Fibers & Materials and Graphite Materials & Systems businesses, expected customer demand, expected industry trends and expected trends in the business environment, statements with respect to the sale of the graphite electrodes (GE) business and the expected sale of the cathodes, furnace linings, and carbon electrodes (CFL/CE) businesses, statements related to SGL Group's cost savings programs and statements with respect to the intention to conduct a share capital increase. You can generally identify these statements by the use of words like "may", "will", "could", "should", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "potential", "intend", "continue" and variations of these words or comparable words. These statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about SGL Group's businesses and future financial results, and readers should not place undue reliance on them. Forward-looking statements do not guarantee future performance and involve risks and uncertainties. These risks and uncertainties include, without limitation, changes in political, economic, legal and business conditions, particularly relating to SGL Group's main customer industries, competitive products and pricing, the ability to achieve sustained growth and profitability in SGL Group's Composites - Fibers & Materials and Graphite Materials & Systems businesses, the impact of any manufacturing efficiencies and capacity constraints, widespread adoption of carbon fiber products and components in key end-markets of the SGL Group, including the automotive and aviation industries, the inability to execute additional cost savings or restructuring measures, availability of raw materials and critical manufacturing equipment, trade environment, changes in interest rates, exchange rates, tax rates, and regulation, available cash and liquidity, SGL Group's ability to refinance its indebtedness, development of the SGL Group's pension obligations, share price fluctuation, the satisfaction of the closing conditions for the disposition of the graphite electrodes (GE) business, including obtaining relevant regulatory approvals, the possibility that the length of time necessary to consummate the disposition of the graphite electrodes (GE) business may be longer than anticipated, the achievement of the expected benefits of the disposition of the graphite electrodes (GE) business, the possibility that the SGL Group may suffer as a result of uncertainty surrounding the disposition of the graphite electrodes (GE) business, the anticipated effect of the disposition of the graphite electrodes (GE) business may have on SGL Group's financial condition and results of operations, the ability to sell the cathodes, furnace linings, and carbon electrodes (CFL/CE) businesses at a price satisfactory to SGL Group or at all and other risks identified in SGL Group's financial reports. These forward-looking statements are made only as of the date of this document. SGL Group does not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.



SGL CARBON SE
Head Office | Investor Relations
Söhnleinstrasse 8
65201 Wiesbaden/Germany
Phone +49 611 6029-103
Fax +49 611 6029-101
Email: investor-relations@sglgroup.com
www.sglgroup.com