

# REPORT ON THE FIRST NINE MONTHS **2017**

## Summary

- Group sales in 9M/2017 up 14% to €642 million compared to prior year level (9M/2016: €562 million) driven by market segments energy, digitization, industrial applications, mobility and textile fibers
- Recurring Group EBIT rises substantially more than proportional to sales to €33 million (9M/2016: €13 million)
- Strong first nine months 2017 allow slight increase in guidance for full year: Sales growth of approx. 10% with more than proportional improvement in EBIT anticipated
- Sale of former reporting segment Performance Products (business with graphite electrodes as well as business with cathodes, furnace linings and carbon electrodes) and early redemption of corporate bond completed after the balance sheet date
- Important step achieved to complete the value chain in the business unit Composites – Fibers & Materials (CFM): agreement on full takeover of the joint venture Benteler SGL after the balance sheet date

## Financial highlights

€ million	Nine months		
	2017	2016	Change
Sales revenue	642.1	562.1	14.2%
EBITDA before non-recurring charges	70.1	49.0	43.1%
Operating profit (EBIT) before non-recurring charges (recurring EBIT)	33.0	12.8	>100%
Return on sales (EBIT-margin) <sup>1)</sup>	5.1%	2.3%	-
Return on capital employed (ROCE EBITDA) <sup>2)</sup>	10.7%	7.8%	-
Operating profit (EBIT)	28.0	12.2	>100%
Result from discontinued operations, net of income taxes	25.5	-94.7	>100%
Consolidated net result (attributable to shareholders of the parent company)	5.3	-124.1	>100%

€ million	Sep. 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	324.8	331.8	-2.1%
Net financial debt <sup>3)</sup>	477.3	449.4	6.2%
Gearing <sup>4)</sup>	1.47	1.35	-
Equity ratio <sup>5)</sup>	17.6%	17.5%	-

<sup>1)</sup> Ratio of EBIT before non-recurring charges to sales revenue

<sup>2)</sup> 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)

<sup>3)</sup> Financial liabilities (nominal amounts) less liquidity

<sup>4)</sup> Net financial debt divided by equity attributable to the shareholders of the parent company

<sup>5)</sup> Equity attributable to the shareholders of the parent company divided by total assets

## Table of contents

<b>Interim Group Management Report</b>	<b>3</b>	Consolidated Balance Sheet	28
Economic Environment	3	Consolidated Cash Flow Statement	30
Key events of the business development	4	Condensed Consolidated Statement of	
Business development	4	Changes in Equity	31
Opportunities and risks	19	Notes to the Condensed Consolidated Interim	
Outlook	21	Financial Statements	33
<b>Condensed Consolidated Interim Financial</b>		<b>Responsibility Statement</b>	<b>42</b>
<b>Statements</b>	<b>26</b>	<b>Other Information</b>	<b>42</b>
Consolidated Income Statement	26	Financial Calender	46
Consolidated Statement of Comprehensive			
Income	27		

# Interim Group Management Report (unaudited)

## Economic Environment

In its recent Global Economic Outlook in October 2017, the International Monetary Fund (IMF) slightly increased its global growth forecasts for the years 2017 and 2018 by 0.1%-points for both years to 3.6% resp. 3.7% compared to its assessment in April 2017. 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

The sale of the carbon fiber production site in Evanston (USA) to Mitsubishi Rayon 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 the 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	2017	Nine months	
		2016	Change
Sales revenue	253.9	234.5	8.3%
EBITDA before non-recurring charges <sup>1)</sup>	32.8	32.5	0.9%
Return on capital employed (ROCE EBITDA) <sup>2)</sup>	10.6%	9.4%	-
EBIT before non-recurring charges (recurring EBIT) <sup>1)</sup>	17.2	16.8	2.4%
Return on sales (EBIT-margin)	6.8%	7.2%	-
Operating profit (EBIT)	11.2	16.8	-33.3%

<sup>1)</sup> Non-recurring charges of minus €6.0 million in the first nine months 2017

<sup>2)</sup> 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 Composites – Fibers & Materials increased by 8% (currency adjusted by 10%) in the first nine months 2017 to €253.9 million compared to the prior year period (9M/2016: €234.5 million), driven by the market segments industrial applications, automotive, aerospace and textile fibers. In the market segment industrial applications, carbon fiber sales for injection molding applications developed particularly well. In the market segment wind energy, sales decreased compared to the prior year level, as the improved first quarter was more than offset by the significant decline in the last two quarters.

---

The two major At-Equity accounted investments relate to our businesses Ceramic Brake Discs (Brembo SGL: development and production of carbon ceramic brake discs) and Automotive Composites (Benteler SGL: development and production of fiber based components for the automotive industry; will be fully consolidated after the complete takeover of the remaining shares with expected closing in mid-December) and are both allocated to the market segment automotive. Sales revenue of all At-Equity accounted investments increased by 9% to €197.4 million in the first nine months 2017 (9M/2016: €181.4 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.

EBIT at €17.2 million in the first nine months 2017 remained on a similar level as in the comparable prior year period (€16.8 million), leading to a slight decrease in the EBIT margin to 6.8% (9M/2016: 7.2%). 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 investment 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. The recent adverse exchange rate developments have not yet had an impact on earnings as the business unit is still benefiting from rather favorable currency hedging contracts.

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 33% to €11.2 million compared to the prior year period (9M/2016: €16.8 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 months 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 about 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 structures. An initial installation from the project can currently be seen on the University of Stuttgart's inner courtyard.

In August 2017, we highlighted our participation at the COMPOSITES EUROPE fair in Stuttgart (Germany), where SGL Group showcased its expertise along the entire composites value chain including new duroplastic and thermoplastic materials, as well as component exhibits. SGL also presented its latest development in the area of composites: bicycle components made with carbon fiber TowPregs. TowPregs made of carbon and glass fibers are ideal for automated production processes and result in outstanding mechanical properties given their width consistency and high winding accuracy. In addition, they can also be produced with new snap-cure prepreg resin systems that are currently under development. This would be an optimal solution to the serial production requirements of the automotive industry.

In October, SGL Group presented both business units at a joint booth at the FAKUMA, the international trade fair for plastics processing. In this context, we published a press release and presented the key concepts shown at the fair. CFM focused its exhibits on the thermoplastic material tool box based on carbon and glass fiber.

## Reporting segment Graphite Materials & Systems (GMS)

€ million	Nine months		
	2017	2016	Change
Sales revenue	381.5	321.4	18.7%
EBITDA before non-recurring charges <sup>1)</sup>	54.4	35.3	54.1%
Return on capital employed (ROCE EBITDA) <sup>2)</sup>	17.4%	12.0%	-
EBIT before non-recurring charges (recurring EBIT) <sup>1)</sup>	37.5	18.8	99.5%
Return on sales (EBIT-margin) <sup>1)</sup>	9.8%	5.8%	-
Operating profit (EBIT)	38.5	18.3	>100%

<sup>1)</sup> Non-recurring charges include restructuring expenses of plus €1,0 million and minus €0.5 million in the first nine months 2017 and 2016, respectively

<sup>2)</sup> 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 19% (no currency impact) to €381.5 million in the reporting period compared to the prior year period (9M/2016: €321.4 million). This development primarily reflects the higher demand for our anode materials in the market segment battery and other energy as well as significantly higher sales with the LED industry. The market segments solar, semiconductor, automotive, and industrial applications were also able to increase their respective sales revenues. After the markets segment chemicals showed a marked sales decline in the first half 2017 due to the ongoing subdued investment activity in the chemical industry, the third quarter 2017 reported a strong increase in sales compared to the prior year period, resulting in nearly flat sales revenues in the reporting period.

Recurring EBIT doubled to €37.5 million (9M/2016: €18.8 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 markets segments semiconductors, automotive, solar and even chemicals. 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 9.8% (9M/2016: 5.8%). The recent adverse exchange rate developments have also had only a negligible impact on earnings as the business unit GMS is also still benefiting from favorable currency hedging contracts.

Non-recurring gains amounting to €1.0 million were recorded in the reporting segment GMS in the reporting period (9M/2016: minus €0.5 million).

Due to the strong demand, the business unit GMS began to expand its capacities to produce 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 our 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 multi- 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 applications including 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.

In September, we reported on the successful commissioning of an industrial scale recovery system for recycling and reusing hydrogen chloride: This system consumes up to 45% less energy compared with standard processes. This solution, developed and patented by SGL Group, has proven its effectiveness at the largest Chinese potassium producer Qinghai Salt Lake.

In October, the business unit GMS presented expanded natural graphite powders as additives for increasing the thermal conductivity of plastics at the FAKUMA, the international trade fair for plastics processing. Such powders offer crucial advantages when used as plastic additives even at low filler contents thanks to its high purity, large specific surface and low bulk density. Furthermore, it can increase thermal conductivity significantly while only minimally affecting other characteristics of the polymer.

### Reporting segment Corporate

€ million	Nine months		
	2017	2016	Change
Sales revenue	6.7	6.2	8.1%
EBITDA before non-recurring charges <sup>1)</sup>	–17.1	–18.8	9.0%
EBIT before non-recurring charges (recurring EBIT) <sup>1)</sup>	–21.7	–22.8	4.8%
Operating profit/loss (EBIT)	–21.7	–22.9	5.2%

<sup>1)</sup> Non-recurring charges include restructuring expenses of €0.0 million and minus €0.1 million in the first nine months 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 new 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 “Central Innovation”. Related expenses will, as before, be recorded in the third reporting segment, whose name has been simplified to „Corporate“.

At minus €21.7 million, recurring EBIT in the reporting segment Corporate improved by 5% compared to the comparable prior year period (9M/2016: minus €22.8 million) due primarily to savings from project CORE, which compensated for increased expenses in Central Innovation.

No non-recurring items were recorded in the reporting segment Corporate in the reporting period (9M/2016: minus €0.1 million).

Following the largely completed strategic realignment of the SGL Group, the organization of the operational production network received increased focus. SGL Group's profitable growth does not only depend on our sales organization and technical service but also on our production facilities. Product quality, capacity utilization, cost and delivery reliability are decisive for the successful development and competitiveness of our company.

Comparable to our Business Process Excellence (BPX) program, the Board of Management together with the heads of the business units have decided to develop and implement the so-called "SGL Operations Management Systems" (SGL OMS), a uniform and standardized management system for production across the sites and the businesses. The goal is to create lean processes, high efficiency and the best product quality.

By 2020, all sites should be managed by uniform standards and key figures. In doing so, we will also rely on best practice procedures, as used at our plants in Bonn, Moses Lake, Wackersdorf and Lavradio. In addition, many of the methods and tools from SGL Excellence and Six Sigma will be integrated into the OMS.

## Group business development

### Condensed Consolidated Income Statement

€ million	Nine months		
	2017	2016	Change
<b>Sales revenue</b>	<b>642.1</b>	<b>562.1</b>	<b>14.2%</b>
Cost of sales	−510.3	−459.0	−11.2%
<b>Gross profit</b>	<b>131.8</b>	<b>103.1</b>	<b>27.8%</b>
Selling, administrative and R&D expense	−124.4	−119.0	−4.5%
Other operating income/expense	17.4	23.1	−24.7%
Result from investments accounted for At-Equity	8.2	5.6	46.4%
<b>Operating profit (EBIT) before non-recurring charges (recurring EBIT)</b>	<b>33.0</b>	<b>12.8</b>	<b>&gt;100%</b>
Non-recurring charges	−5.0	−0.6	>−100%
<b>Operating profit (EBIT)</b>	<b>28.0</b>	<b>12.2</b>	<b>&gt;100%</b>
<b>EBITDA before non-recurring charges</b>	<b>70.1</b>	<b>49.0</b>	<b>43.1%</b>

Group sales revenue rose significantly by 14% (currency adjusted by 15%) to €642.1 million 9M/2016: €562.1 million) due to the developments in the business units CFM and GMS as described above. The gross margin improved to 20.5% (9M/2016: 18.3%) in the reporting period due to higher capacity utilization and the resulting increased fixed cost absorption. Accordingly, gross profit increased significantly to €131.8 million in the reporting period from €103.1 million in the prior year period. Selling, administrative, and R&D expenses increased by 5% to €124.4 million (9M/2016: €119.0 million) at a slower rate than sales revenue, whereby selling expenses increased as a result of higher shipments. Other operating income and expenses decreased by 25% from €23.1 million in the prior year period to €17.4 million in the reporting period, primarily due to decreased compensations from customers with minimum volume commitments and lower grants for research projects, which more than offset higher foreign currency and hedging gains.

EBIT before non-recurring charges increased significantly to €33.0 million in the reporting period after €12.8 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 include a negative cumulative currency translation difference amounting to €6.0 million recorded in the second quarter 2017 resulting from the sale of the carbon fiber production site in Evanston (US) to Mitsubishi Rayon Carbon Fibers & Composites Inc. The disposal of the Evanston site generated cash inflows amounting to the net asset value at current exchange rates. In addition, non-recurring charges include adjustments to no longer required restructuring provisions in connection with project CORE in an amount of €1.0 million. Accordingly, EBIT after non-recurring charges amounted to €28.0 million (9M/2016: €12.2 million).

### Net financing result

€ million	Nine months		
	2017	2016	Change
Interest income	0.4	0.5	-20.0%
Interest expense	-23.0	-23.9	3.8%
Imputed interest convertible bonds (non-cash)	-6.2	-6.1	-1.6%
Imputed interest finance lease (non-cash)	-1.2	0.0	-
Interest expense on pensions	-4.9	-5.9	16.9%
<b>Interest expense, net</b>	<b>-34.9</b>	<b>-35.4</b>	<b>1.4%</b>
Amortization of refinancing costs (non-cash)	-5.4	-2.4	>-100%
Foreign currency valuation of Group loans (non-cash)	2.2	0.0	-
Other financial expense	-0.5	-0.9	44.4%
<b>Other financing result</b>	<b>-3.7</b>	<b>-3.3</b>	<b>-12.1%</b>
<b>Net financing result</b>	<b>-38.6</b>	<b>-38.7</b>	<b>0.3%</b>

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 €4.9 million (9M/2016: €5.9 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, which was repaid ahead of schedule at the end of October, compared to its original maturity in January 2021.

Foreign currency impacts resulting from the intercompany financing of subsidiaries improved significantly to €2.2 million in the first nine months 2017 compared to €0.0 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)

	Nine months		
€ million	2017	2016	Change
<b>Operating profit (EBIT)</b>	<b>28.0</b>	<b>12.2</b>	<b>&gt;100%</b>
Net financing result	-38.6	-38.7	0.3%
<b>Result from continuing operations before income taxes</b>	<b>-10.6</b>	<b>-26.5</b>	<b>60.0%</b>
Income tax expense	-6.8	-1.8	>-100%
<b>Result from continuing operations</b>	<b>-17.4</b>	<b>-28.3</b>	<b>38.5%</b>
Result from discontinued operations, net of income taxes	25.5	-94.7	>100%
<b>Net result for the period</b>	<b>8.1</b>	<b>-123.0</b>	<b>&gt;100%</b>
Attributable to:			
Non-controlling interests	2.8	1.1	>-100%
Consolidated net result (attributable to shareholders of the parent company)	5.3	-124.1	>100%
Earnings per share, basic and diluted (in €)	0.04	-1.35	>100%
Earnings per share continuing operations, basic and diluted (in €)	-0.17	-0.32	46.9%

### Result from continuing operations

Due to the developments described above, the result from continuing operations before income taxes improved from minus €26.5 million in the prior year period to minus €10.6 million in the reporting period. Income tax expense of €6.8 million was influenced by setting up provisions for tax audits; the amount in the prior year period of €1.8 million 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 includes income and expenses incurred by the business unit Performance Products (PP) and amounted to €25.5 million in the reporting period compared to a prior period loss of €94.7 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. The remeasurement of GE at fair value less cost to sell resulted in a reversal of impairment losses of €6.6 million in the first nine

months 2017, which was essentially already recognized in the second quarter 2017. Furthermore, the result from discontinued operations of the PP business includes 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 burdened by impairment losses of €42.9 million arising from the measurement of the graphite electrodes assets at their fair value less cost to sell, and by a one-time deferred tax impact amounting to minus €14 million mainly due to the legal separation of the PP business. This effects relates solely to the GE business.

Consolidated net result of the period amounted to €5.3 million compared to minus €124.1 million in the first nine months 2016 (after consideration of non-controlling interests of minus €2.8 million in the reporting period and minus €1.1 million in the nine months 2016).

## Balance sheet structure

ASSETS €m	Sep. 30, 17	Dec. 31, 16	Change
Non-current assets	614.0	636.2	-3.5%
Current assets	684.8	722.3	-5.2%
Assets held for sale	547.4	540.7	1.2%
<b>Total assets</b>	<b>1,846.2</b>	<b>1,899.2</b>	<b>-2.8%</b>
<b>EQUITY AND LIABILITIES €m</b>			
Equity attributable to the shareholders of the parent company	324.8	331.8	-2.1%
Non-controlling interests	11.5	16.1	-28.6%
<b>Total equity</b>	<b>336.3</b>	<b>347.9</b>	<b>-3.3%</b>
Non-current liabilities	633.8	1,127.4	-43.8%
Current liabilities	686.0	237.3	>100%
Liabilities in connection with assets held for sale	190.1	186.6	1.9%
<b>Total equity and liabilities</b>	<b>1,846.2</b>	<b>1,899.2</b>	<b>-2.8%</b>

Total assets as of September 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, capital expenditures below the level of depreciation and amortization expense, as well as foreign currency exchange differences amounting to €58.6 million, mainly resulting from the weaker

US-Dollar. Current assets decreased by €15.2 million despite an increase in trade receivables mainly due to the €52.1 million lower liquidity in the continuing operations.

The decrease in non-current liabilities and the corresponding increase in current liabilities as of September 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) as well as of the corporate bond (with an outstanding amount of €250.0 million) to current liabilities, as the remaining maturity of the convertible bond is now less than one year and the corporate bond was repaid in full ahead of schedule on October 30, 2017. The adjustment of the pension discount rates to the expected long-term interest environment had no material effect on the non-current liabilities in the first nine months 2017. In addition to the reclassification of the convertible bond and the corporate bond, the change in current liabilities is also impacted by a reduction in trade accounts payable by €18.3 million to €85.6 million compared to December 31, 2016. Furthermore, the final installment of the purchase price liability due to the purchaser of HITCO's Aerostructures business in the amount of USD 9.2 million was paid as agreed already during the first quarter 2017.

### **Working capital**

€ million	Sep. 30, 17	Dec. 31, 16	Change
Inventories	274.9	268.9	2.2%
Trade receivables	104.4	89.2	17.0%
Trade payables	-85.6	-103.9	-17.6%
<b>Working Capital</b>	<b>293.7</b>	<b>254.2</b>	<b>15.5%</b>

Despite higher sales revenue, inventories remained close to the prior year level. The increased sales revenue resulted in a substantial rise in trade receivables. Moreover, working capital increased during the first nine months 2017 due to the significant reduction in trade payables.

### **Changes in equity**

As of September 30, 2017, equity attributable to the shareholders of the parent company amounted to €324.8 million (December 31, 2016: €331.8 million). The reduction is mainly attributable to foreign currency effects amounting to €16.2 million, resulting from the weaker US-Dollar and the Malaysian Ringgit, which more than offset the positive net result of the period. The adjustment of pension interest rates as a result of the higher interest environment had no material impact on equity. Overall, the equity ratio of 17.6% remained almost unchanged compared to 17.5% as of December 31, 2016.

**Net financial debt**

€ million	Sep. 30, 17	Dec. 31, 16	Change
Carrying amount of current and non-current financial liabilities	751.1	751.9	-0.1%
Remaining imputed interest for the convertible bonds	14.2	20.5	-30.7%
Accrued refinancing cost	4.6	10.0	-54.0%
<b>Total financial debt (nominal amount)</b>	<b>769.9</b>	<b>782.4</b>	<b>-1.6%</b>
Liquidity - continuing operations	277.4	329.5	-15.8%
Liquidity - discontinued operations	15.2	3.5	>100%
<b>Total liquidity (continuing and discontinued)</b>	<b>292.6</b>	<b>333.0</b>	<b>-12.1%</b>
<b>Net financial debt - continuing and discontinued operations</b>	<b>477.3</b>	<b>449.4</b>	<b>6.2%</b>
thereof: SGL ACF			
Non-current financial liabilities	99.5	117.1	-15.0%
Cash and cash equivalents	2.8	6.9	-59.4%
Net financial debt SGL ACF	96.7	110.2	-12.3%
<b>Net financial debt excluding SGL ACF</b>	<b>380.6</b>	<b>339.2</b>	<b>12.2%</b>

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 September 30, 2017, net financial debt increased by €27.9 million or 6.2% to €477.3 million mainly due to the decrease in total liquidity by €40.4 million. This reduction was due to the buildup of working capital, as well 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 Cash flow

	Nine months	
€ million	2017	2016
<b>Cash flow from operating activities</b>		
Result from continuing operations before income taxes	–10.6	–26.5
Restructuring expenses	–1.0	0.6
Depreciation/amortization expense	37.1	36.2
Changes in working capital	–61.8	–35.6
Miscellaneous items	9.1	–25.6
<b>Cash flow from operating activities - continuing operations</b>	<b>–27.2</b>	<b>–50.9</b>
Cash flow from operating activities - discontinued operations	26.2	11.2
<b>Cash flow from operating activities - continuing and discontinued operations</b>	<b>–1.0</b>	<b>–39.7</b>
<b>Cash flow from investing activities</b>		
Payments to purchase intangible assets and property, plant & equipment	–30.3	–22.0
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	14.5	
Payments for capital contributions concerning investments accounted for At-Equity and investments in other financial assets	–5.0	–4.6
Other investing activities	–2.4	
<b>Cash flow from investing activities - continuing operations</b>	<b>–10.2</b>	<b>–23.5</b>
Cash flow from investing activities - discontinued operations	–22.1	–27.2
<b>Cash flow from investing activities - continuing and discontinued operations</b>	<b>–32.3</b>	<b>–50.7</b>
<i>Free cash flow<sup>1)</sup> - continuing operations</i>	<i>–37.4</i>	<i>–74.4</i>
<i>Free cash flow<sup>1)</sup> - discontinued operations</i>	<i>4.1</i>	<i>–16.0</i>

<sup>1)</sup> Defined as cash flow from operating activities minus cash flow from investing activities

Cash flow from operating activities – continuing operations – improved significantly by €23.7 million to minus €27.2 million in the first nine months 2017 despite the significant build-up of working capital. This reflects, on the one hand, the improvements in the operating results and, on the other hand, the absence of payments for restructuring measures in the reporting period, which were disclosed as “miscellaneous items” in the prior year period. Cash flow from investing activities improved to minus €10.2 million (9M/2016: minus €23.5 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) that already became effective in 2016.

After consideration of this negative cash flow from investing activities, free cash flow from continuing operations of the reporting period improved significantly to minus €37.4 million compared to the prior year period (9M/2016: minus €74.4 million).

Free cash flow from discontinued operations improved significantly to €4.1 million in the reporting period (9M/2016: minus €16.0 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 nine months of 2016. Furthermore, free cash flow includes payments to purchase property, plant, and equipment for PP of €12.4 million (9M/2016: €7.6 million) and the final payment related to the sale of HITCO's Aerostructures business of USD 9.2 million (9M/2016: payments related to the disposal of HITCO's Aerostructures business amounting to approx. €20 million).

## Employees

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

Headcount	Sep. 30, 17	Dec. 31, 16	Change
Composites - Fibers & Materials	1,174	1,183	-0.8%
Graphite Materials & Systems	2,546	2,496	2.0%
Corporate	237	263	-9.9%
<b>Total continuing operations</b>	<b>3,957</b>	<b>3,942</b>	<b>0.4%</b>
Discontinued operations (PP)	1,436	1,442	-0.4%
<b>Total SGL Group</b>	<b>5,393</b>	<b>5,384</b>	<b>0.2%</b>

Headcount	Sep. 30, 17	Dec. 31, 16	Change
Germany	1,806	1,789	1.0%
Europe excluding Germany	1,027	1,014	1.3%
North America	694	711	-2.4%
Asia	430	428	0.5%
<b>Total continuing operations</b>	<b>3,957</b>	<b>3,942</b>	<b>0.4%</b>
Discontinued operations (PP)	1,436	1,442	-0.4%
<b>Total SGL Group</b>	<b>5,393</b>	<b>5,384</b>	<b>0.2%</b>

---

The number of employees in SGL Group amounted to 5,393 as of September 30, 2017 (December 31, 2016: 5,384) and mainly decreased in Corporate resulting from CORE measures compared to year-end 2016. 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, except for the risks related to the sale of the business activities GE and CFL/CE of the former reporting segment PP. Both transactions were closed at the beginning of October and at the beginning of November, respectively. Thus, risks associated herewith no longer exist.

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 as well as recently in North Korea 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. Further, currency fluctuations may impact our financial ratios; a weakening of the USD and the Japanese yen against the Euro may affect our income statement negatively.

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 the new SGL Group following the entire PP disposal, could result in additional opportunities to increase efficiency and to improve our financial ratios. 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 or more stringent environmental regulations could mean, in the medium term, that we are no longer able to continue our manufacturing processes the way they are established today. Price increases of important raw materials will negatively affect the earnings situation – provided that such increases cannot be passed on to customers. An increase in personnel costs, for example due to a significant tariff increase in Germany, could result in a negative impact.

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.

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 guidance for sales and EBIT for the reporting segment Composites – Fibers & Materials (CFM) remains within the framework of the expectations, which we published with our annual report in March 2017. The anticipated slight<sup>1</sup> increase in sales will primarily be driven by higher demand for carbon fibers for industrial applications as well as for the automotive industry. Due to the recent oil price development, we now expect only moderate revenue growth in textile fibers. In contrast, sales with the aerospace industry is anticipated to be flat or slightly below the prior year level, which was positively impacted by higher invoicing in the US aerospace business. Business with the wind energy industry is also expected below the prior year level based on the significantly reduced business volume of our customers.

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 designated for developing future business with the automotive and aerospace industry. This development will 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.

As in the prior year, the highest quarterly earnings of this fiscal year were 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. Therefore, the final quarter of 2017 will also be close to the level of the second and third quarter 2017.

As announced on November 8, 2017, we are acquiring the remaining 50% share in our joint venture Benteler SGL. This represents a further and important step in the strategy of the business unit to fully control and further develop the entire composites value chain. Following the closing of this transaction, which we anticipate in December, this activity will be fully consolidated. However, this

---

<sup>1</sup> „Slight“ indicates a variation of up to 10%; "significant" indicates a variation of more than 10%

short inclusion will not significantly impact sales and earnings in the business unit in the fiscal year 2017.

## **Reporting segment Graphite Materials & Systems (GMS)**

The predominantly positive market trends in our reporting segment Graphite Materials & Systems (GMS) have partially developed even more favorably in the course of the year than we had anticipated. This particularly applies to the market segments battery & other energy, LED and semiconductors. Consequently, we are increasing our sales guidance for this reporting segment for the second time this year and now expect revenues to increase by slightly more than 10%. In addition to the above mentioned market segments, the sales development is also being driven by growth in the market segments solar, automotive & transport as well as industrial applications. After revenues in the market segment chemicals showed a substantial decline in the first half 2017 due to the restrained investment activities in the chemical industry, the third quarter 2017 reported higher sales, which should continue into the fourth quarter. As a result, we now expect revenues in the market segment chemicals to remain on the prior year level.

After a strong performance in the second and third quarter, EBIT in the fourth quarter should come close to the level of the first quarter due to the traditionally weak month of December. The significant increase in EBIT in the full year 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 min. 15% also in the full year 2017.

## **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. Higher expenses in Central Innovation should be compensated by the cost savings generated by project CORE. Initial expenses in connection with the recently introduced „SGL Operations Management System“ (SGL OMS) could have an adverse impact on the final quarter of this year.

## **Group**

We also increase our guidance which we published in March 2017 based on the good performance in the reporting segment GMS. Group sales is now anticipated to increase by approximately 10% while Group EBITDA and Group EBIT (both before non-recurring charges) should increase more than proportionately to sales. However, the fourth quarter is anticipated to be the weakest quarter of this

---

year based on lower capacity utilization following scheduled plant shutdowns and holidays. Accordingly, we expect EBIT in the mid-single digit million euro range.

The operational improvement will 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 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 continue to 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 significant improvement in the operational business of our former reporting segment PP and by effects resulting from the sale of PP.

The sale of the graphite electrode (GE) business to Showa Denko was closed on October 2, 2017. The final proceeds will be derived from the closing balance sheet dated September 30, 2017. In addition to the €230 million which were transferred on October 2, 2017, a further payment in a mid-double digit million euro range is anticipated in the first quarter 2018. The asset disposal will lead to a negative earnings effect from attributable cumulative currency translation differences in the fourth quarter 2017. Based on our current assessment, this effect will be more or less fully compensated by the reversal of impairment charges from the remeasurement of GE at fair value less costs to sell.

The sale of the CFL/CE business to Triton was closed on November 2, 2017, leading to cash proceeds of €230 million and a book profit of approximately €130 million in the fourth quarter 2017. This asset disposal will also lead to a negative earnings effect from attributable cumulative currency translation differences in a mid-single digit million euro amount.

With the closing of both transactions the former reporting segment Performance Products is now entirely sold. Thanks to the cash proceeds from these transactions, net debt at year end 2017 will, as guided, be significantly lower than at year end 2016 even though the acquisition of the Benteler SGL shares will increase our net debt as of December 31, 2017, by a mid-double digit million euro amount.

With the proceeds of the December 2016 capital increase and the proceeds from the sale of the GE business we have redeemed early and in full the corporate bond with a nominal of €250 million as of October 30, 2017. With the proceeds from the sale of the CFL/CE business we intend to repay the convertible bond with an initial nominal of €240 million at maturity in January 2018. With these measures, we are reducing our interest expenses, significantly lowering our net debt and improving our balance sheet ratios.

After limiting our capital expenditure in the previous year due to the weak financial situation, capital expenditure will be significantly increase again during the current year but likely still remain on the level of depreciation. 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 have focused our capital expenditure on the expansion of coating capacities for the LED industry, the expansion of production capacities for our anode materials for the lithium-ion battery industry, minor capacity expansions for sectors such as the solar industry as well as maintenance measures.

The better than initially expected operational development in the fiscal year 2017 was supported by primarily positive market trends as well as by favorable currency exchange rates and hedging transactions and very moderate cost developments. For the fiscal year 2018 we anticipate a continuation of the positive market trends. In some areas, the favorable developments are even strengthening, for example in our anode materials for the lithium ion battery industry. However, from the current perspective, the most important currency rates, mainly relating to the Japanese Yen and the US-Dollar, are moving in an adverse direction, so that for the fiscal year 2018 we will have to assume more unfavorable currency rates compared to this year. In addition, we expect cost increases in raw materials as well as in personnel costs, particularly due to the expected wage agreements in the metal industry in Germany. As usual we will publish our guidance for the fiscal year 2018 with our annual report on March 14, 2018.

Wiesbaden, 9 November 2017

**SGL Carbon SE**

The Board of Management



# Condensed Consolidated Interim Financial Statements

(unaudited)

## Consolidated Income Statement

€ million	3rd Quarter			Nine months		
	2017	2016	Change	2017	2016	Change
<b>Sales revenue</b>	<b>206.8</b>	<b>182.7</b>	<b>13.2%</b>	<b>642.1</b>	<b>562.1</b>	<b>14.2%</b>
Cost of sales	-165.1	-151.3	-9.1%	-510.3	-459.0	-11.2%
<b>Gross profit</b>	<b>41.7</b>	<b>31.4</b>	<b>32.8%</b>	<b>131.8</b>	<b>103.1</b>	<b>27.8%</b>
Selling expenses	-21.5	-19.4	-10.8%	-67.7	-58.8	-15.1%
Research and development costs	-8.5	-7.3	-16.4%	-23.5	-23.4	-0.4%
General and administrative expenses	-11.3	-12.6	10.3%	-33.2	-36.8	9.8%
Other operating income	8.8	11.1	-20.7%	25.5	37.1	-31.3%
Other operating expenses	-1.8	-2.3	21.7%	-14.1	-14.0	-0.7%
Result from investments accounted for At- Equity	3.1	2.3	34.8%	8.2	5.6	46.4%
Restructuring expenses	1.8	-0.6	>100%	1.0	-0.6	>100%
<b>Operating profit</b>	<b>12.3</b>	<b>2.6</b>	<b>&gt;100%</b>	<b>28.0</b>	<b>12.2</b>	<b>&gt;100%</b>
Interest income	0.2	0.2	0.0%	0.4	0.5	-20.0%
Interest expense	-12.1	-12.3	1.6%	-35.3	-35.9	1.7%
Other financing result	-0.5	-0.7	28.6%	-3.7	-3.3	-12.1%
<b>Result from continuing operations before income taxes</b>	<b>-0.1</b>	<b>-10.2</b>	<b>99.0%</b>	<b>-10.6</b>	<b>-26.5</b>	<b>60.0%</b>
Income tax expense	-1.8	4.9	>-100%	-6.8	-1.8	>-100%
<b>Result from continuing operations</b>	<b>-1.9</b>	<b>-5.3</b>	<b>64.2%</b>	<b>-17.4</b>	<b>-28.3</b>	<b>38.5%</b>
Result from discontinued operations, net of income taxes	11.6	-45.3	>100%	25.5	-94.7	>100%
<b>Net result for the period</b>	<b>9.7</b>	<b>-50.6</b>	<b>&gt;100%</b>	<b>8.1</b>	<b>-123.0</b>	<b>&gt;100%</b>
Thereof attributable to:						
Non-controlling interests	0.8	0.3	>100%	2.8	1.1	>100%
Consolidated net result (attributable to shareholders of the parent company)	8.9	-50.9	>100%	5.3	-124.1	>100%
Earnings per share, basic and diluted (in €)	0.07	-0.55	>100%	0.04	-1.35	>100%
Earnings per share continuing operations, basic and diluted (in €)	-0.03	-0.06	50.0%	-0.17	-0.32	46.9%

## Consolidated Statement of Comprehensive Income

€ million	3rd Quarter		Nine months	
	2017	2016	2017	2016
<b>Net result for the period</b>	<b>9.7</b>	<b>-50.6</b>	<b>8.1</b>	<b>-123.0</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Changes in the fair value of securities available for sale	0.1	0.0	0.2	0.0
Cash flow hedges <sup>1)</sup>	-0.6	1.2	0.0	0.6
Currency translation	-10.9	-6.8	-16.6	-12.2
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Actuarial gains/losses on pensions and similar obligations <sup>2)</sup>	-2.0	-13.6	1.5	-51.3
<b>Other comprehensive income</b>	<b>-13.4</b>	<b>-19.2</b>	<b>-14.9</b>	<b>-62.9</b>
<b>Comprehensive income</b>	<b>-3.7</b>	<b>-69.8</b>	<b>-6.8</b>	<b>-185.9</b>
Thereof attributable to:				
Non-controlling interests	0.6	0.3	2.4	1.2
Consolidated net result (attributable to shareholders of the parent company)	-4.3	-70.1	-9.2	-187.1

<sup>1)</sup> Includes tax effects of €0.1 million (2016: minus €0.3 million) in the first nine months

<sup>2)</sup> Includes tax effects of minus €3.5 million (2016: €16.6 million) in the first nine months

## Consolidated Balance Sheet

ASSETS €m	Sep. 30, 17	Dec. 31, 16	Change
<b>Non-current assets</b>			
Goodwill	21.4	23.3	-8.2%
Other intangible assets	13.1	17.3	-24.3%
Property, plant and equipment	467.9	493.0	-5.1%
Investments accounted for At-Equity	48.5	39.5	22.8%
Other non-currents assets	3.6	6.4	-43.8%
Deferred tax assets	59.5	56.7	4.9%
	<b>614.0</b>	<b>636.2</b>	<b>-3.5%</b>
<b>Current assets</b>			
Inventories	274.9	268.9	2.2%
Trade receivables	104.4	89.2	17.0%
Other receivables and other assets	28.1	34.7	-19.0%
Liquidity	277.4	329.5	-15.8%
<i>Time deposits</i>	<i>5.0</i>	<i>5.0</i>	<i>0.0%</i>
<i>Cash and cash equivalents</i>	<i>272.4</i>	<i>324.5</i>	<i>-16.1%</i>
	<b>684.8</b>	<b>722.3</b>	<b>-5.2%</b>
<b>Assets held for sale</b>			
	<b>547.4</b>	<b>540.7</b>	<b>1.2%</b>
<b>Total assets</b>	<b>1,846.2</b>	<b>1,899.2</b>	<b>-2.8%</b>

EQUITY AND LIABILITIES €m	Sep. 30, 17	Dec. 31, 16	Change
<b>Equity</b>			
Issued capital	313.2	313.2	0.0%
Capital reserves	1,032.7	1,032.7	0.0%
Accumulated losses	-1,021.1	-1,014.1	-0.7%
<b>Equity attributable to the shareholders of the parent company</b>	<b>324.8</b>	<b>331.8</b>	<b>-2.1%</b>
Non-controlling interests	11.5	16.1	-28.6%
<b>Total equity</b>	<b>336.3</b>	<b>347.9</b>	<b>-3.3%</b>
 <b>Non-current liabilities</b>			
Provisions for pensions and similar employee benefits	294.8	306.0	-3.7%
Other provisions	36.8	35.9	2.5%
Interest-bearing loans	262.6	748.8	-64.9%
Other liabilities	39.6	36.7	7.9%
	<b>633.8</b>	<b>1,127.4</b>	<b>-43.8%</b>
 <b>Current liabilities</b>			
Other provisions	78.3	84.3	-7.1%
Current portion of interest-bearing loans	488.5	3.1	>100%
Trade payables	85.6	103.9	-17.6%
Other liabilities	33.6	46.0	-27.0%
	<b>686.0</b>	<b>237.3</b>	<b>&gt;100%</b>
 <b>Liabilities in connection with assets held for sale</b>	<b>190.1</b>	<b>186.6</b>	<b>1.9%</b>
<b>Total equity and liabilities</b>	<b>1,846.2</b>	<b>1,899.2</b>	<b>-2.8%</b>

## Consolidated Cash Flow Statement

€ million	Nine months	
	2017	2016
<b>Cash flow from operating activities</b>		
Result from continuing operations before income taxes	–10.6	–26.5
Adjustments to reconcile the result from continuing operations to cash flow from operating activities:		
Interest expense (net)	34.9	35.4
Result from the disposal of property, plant and equipment	–0.4	0.1
Depreciation/amortization expense	37.1	36.2
Restructuring expenses	–1.0	0.6
Result from investments accounted for At-Equity	–8.2	–5.6
Amortization of refinancing costs	5.4	2.4
Interest received	0.4	0.5
Interest paid	–25.7	–28.7
Income taxes paid	–1.8	–3.5
Changes in provisions, net	–1.2	–9.9
Changes in working capital		
Inventories	–18.8	–12.6
Trade receivables	–27.7	–8.8
Trade payables	–15.3	–14.2
Changes in other operating assets/liabilities	5.7	–16.3
<b>Cash flow from operating activities - continuing operations</b>	<b>–27.2</b>	<b>–50.9</b>
Cash flow from operating activities - discontinued operations	26.2	11.2
<b>Cash flow from operating activities - continuing and discontinued operations</b>	<b>–1.0</b>	<b>–39.7</b>

	<b>Nine months</b>	
€ million	<b>2017</b>	<b>2016</b>
<b>Cash flow from investing activities</b>		
Payments to purchase intangible assets and property, plant & equipment	–30.3	–22.0
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	14.5	
Payments for capital contributions concerning investments accounted for At-Equity and investments in other financial assets	–5.0	–4.6
Other investing activities	–2.4	
<b>Cash flow from investing and cash management activities - continuing operations</b>	<b>–10.2</b>	<b>–18.5</b>
Cash flow from investing activities and cash management activities - discontinued operations	–22.1	–27.2
<b>Cash flow from investing activities and cash management activities - continuing and discontinued operations</b>	<b>–32.3</b>	<b>–45.7</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of financial liabilities	6.7	7.1
Repayment of financial liabilities	–8.0	–6.7
Payments in connection with financing activities	–0.4	–0.8
Other financing activities	–0.4	–0.4
<b>Cash flow from financing activities - continuing operations</b>	<b>–2.1</b>	<b>–0.8</b>
Cash flow from financing activities - discontinued operations	0.0	0.0
<b>Cash flow from financing activities - continuing and discontinued operations</b>	<b>–2.1</b>	<b>–0.8</b>
Effect of foreign exchange rate changes	–1.5	0.0
<b>Net change in cash and cash equivalents</b>	<b>–36.9</b>	<b>–86.2</b>
Cash and cash equivalents at beginning of period	324.5	236.8
Cash and cash equivalents at end of period	287.6	150.6
Time deposits at end of period	5.0	9.0
Total liquidity	292.6	159.6
Less: Cash and cash equivalents of discontinued operations at end of period	15.2	2.7
<b>Liquidity</b>	<b>277.4</b>	<b>156.9</b>

## Condensed Consolidated Statement of Changes in Equity

€ million	Nine months 17		
	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
<b>Balance at January 1</b>	<b>331.8</b>	<b>16.1</b>	<b>347.9</b>
Net result for the period	5.3	2.8	8.1
Other comprehensive income	-14.5	-0.4	-14.9
<b>Comprehensive income</b>	<b>-9.2</b>	<b>2.4</b>	<b>-6.8</b>
Other changes in equity <sup>1)</sup>	2.2	-7.0	-4.8
<b>Balance at Sep. 30</b>	<b>324.8</b>	<b>11.5</b>	<b>336.3</b>

€ million	Nine months 16		
	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
<b>Balance at January 1</b>	<b>289.3</b>	<b>16.5</b>	<b>305.8</b>
<b>Capital increase from share-based payment plans</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.4</b>
<b>Dividends</b>	<b>0.0</b>	<b>-0.5</b>	<b>-0.5</b>
Net result for the period	-124.1	1.1	-123.0
Other comprehensive income	-63.0	0.1	-62.9
<b>Comprehensive income</b>	<b>-187.1</b>	<b>1.2</b>	<b>-185.9</b>
Other changes in equity <sup>1)</sup>	0.0	-0.9	-0.9
<b>Balance at Sep. 30</b>	<b>101.8</b>	<b>16.3</b>	<b>118.1</b>

<sup>1)</sup> In particular in connection with the acquisition of the non-controlling interests or the valuation of non-controlling interests in subsidiary partnerships (2016: In particular in connection with the valuation of 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 September 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 November 9, 2017. The condensed consolidated interim financial statements and interim group management report have been neither audited nor subject to an auditor's review.

## Changes in 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 September 30, 2017, compared to December 31, 2016.

## IFRS 15 revenue recognition

SGL Group 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 anticipate that at transition date, the total amount of revenue for tailor made contracts in the reporting segment GMS will be recognized earlier in a lower double-digit percentage range (based on total sales revenue of GMS). 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.

	Nine months	
	2017	2016
€ million		
Sales revenue from discontinued operations	348.8	310.3
Total expenses from discontinued operations	-323.7	-345.5
<b>Result from operating activities of discontinued operations before income taxes</b>	<b>25.1</b>	<b>-35.2</b>
Attributable tax expense	-6.2	-16.6
Reversal of impairment losses arising on the measurement of assets included in disposal groups at fair value less costs to sell	6.6	-42.9
<b>Result from discontinued operations<sup>1)</sup></b>	<b>25.5</b>	<b>-94.7</b>
<b>Earnings per share - discontinued operations, basic and diluted (in €)</b>	<b>0.21</b>	<b>-1.03</b>

<sup>1)</sup> 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	Sep. 30, 17	Dec. 31, 16
Other intangible assets and property, plant and equipment	274.6	288.3
Inventories	148.1	142.3
Trade receivables	79.5	71.7
Other receivables and other assets	17.4	22.1
Deferred tax assets	12.6	12.8
Liquidity	15.2	3.5
<b>Assets held for sale</b>	<b>547.4</b>	<b>540.7</b>
Provisions for pensions and similar employee benefits	78.0	85.7
Other provisions	25.3	29.1
Trade payables	62.4	41.5
Deferred tax liabilities	18.7	25.4
Other liabilities	5.7	4.9
<b>Liabilities in connection with assets held for sale</b>	<b>190.1</b>	<b>186.6</b>

## 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.

	Nine months	
€ million	2017	2016
<b>Ownership interest</b>	<b>50%</b>	<b>50%</b>
<b>Income statement</b>		
Sales revenue (100%)	151.4	139.2
Operating profit (EBIT)	24.9	17.8
Net financing result	-0.7	-1.0
Net result for the period (100%)	14.2	9.6
Share of SGL Group in the net result for the period	7.1	4.8
<b>Balance Sheet</b>	<b>Sep. 30, 17</b>	<b>Dec. 31, 16</b>
Non-current assets	80.0	75.7
Current assets	79.0	72.5
<i>Thereof cash and cash equivalents</i>	24.3	36.0
Non-current liabilities	31.9	34.9
<i>Thereof financial liabilities</i>	24.8	28.4
Current liabilities	48.0	46.5
<i>Thereof financial liabilities</i>	6.2	7.3
<b>Net assets (100%)</b>	<b>79.1</b>	<b>66.8</b>
Share of SGL Group in the net assets (50%)	39.6	33.4
Goodwill/customer base	3.8	3.9
Accumulated impairment losses	-2.6	-2.6
<b>Carrying amount of material joint ventures</b>	<b>40.8</b>	<b>34.7</b>

The carrying amount of remaining investments accounted for At-Equity was €7.7 million (Dec. 31, 2016: €4.8 million) and their contribution to the result from investments accounted for At-Equity during 9M/2017 was €1.1 million (9M/2016: €0.8 million).

### Additional disclosures on financial instruments

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

€ million	Measurement category under IAS 39	Carrying amount at Sep. 30, 17	Carrying amount at Dec. 31, 16
<b>Financial assets</b>			
Cash and cash equivalents	1)	272.4	324.5
Time deposits	1)	5.0	5.0
Trade receivables	1)	104.4	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 <sup>1)</sup>	3)	1.8	1.4
Derivatives with a hedging relationship	n.a.	1.3	2.1
<b>Financial liabilities</b>			
Corporate bond	4)	250.0	250.0
Convertible bonds	4)	392.0	386.5
Bank loans, overdrafts and other financial liabilities	4)	113.7	125.4
Refinancing costs	4)	-4.6	-10.0
Finance lease liabilities	n.a.	21.9	20.9
Trade payables	4)	85.6	103.9
Miscellaneous other financial liabilities	4)	17.7	26.8
Derivative financial liabilities			
Derivatives without a hedging relationship <sup>2)</sup>	5)	0.0	0.2
Derivatives with a hedging relationship	n.a.	0.2	0.6
<b>Thereof aggregated by measurement category in accordance with IAS 39</b>			
1) Loans and receivables		381.8	421.3
2) Available-for-sale financial assets		3.6	3.7
3) Financial assets held for trading		1.8	1.4
4) Financial liabilities measured at amortized cost		854.4	882.6
5) Financial liabilities held for trading		0.0	0.2

<sup>1)</sup> Thereof €1.8 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

<sup>2)</sup> 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:

€ million	Sep. 30, 17			<b>Total</b>
	Level1	Level2	Level3	
Available-for-sale financial assets	3.6	-	-	3.6
Derivative financial assets	-	3.1	-	3.1
Derivative financial liabilities	-	0.2	-	0.2

€ million	Dec. 31, 16			<b>Total</b>
	Level1	Level2	Level3	
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 €257.3 million as of September 30, 2017 (December 31, 2016: €256.2 million). The fair market value of the convertible bonds 2012/2018 and 2015/2020 as of September 30, 2017, was €240.9 million (December 31, 2016: €239.6 million) and €183.3 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.

### Other additional information

Issued capital remained unchanged to December 31, 2016 at €313.2 million as of September 30, 2017, and is divided into 122,341,478 no-par value ordinary bearer shares at €2.56 per share. During the first nine months 2017, no new shares were issued from the authorized capital. As of September 30, 2017, there were 2,526,475 SARs outstanding. SGL Carbon SE held a total of 70,501 of its own shares (treasury shares) as of September 30, 2017. Based on an average number of 122.3 million shares, basic

earnings per share from continuing operations amounted to minus €0.17 (9M/2016: minus €0.32 for continuing operations based on 92.1 million shares).

The calculation of diluted earnings per share assumes the conversion of outstanding debt securities (convertible bonds) to shares or exercise of other contracts for the issue of common shares such as stock appreciation rights. The above-mentioned financial instruments are included in the calculation of diluted earnings per share only if they had a dilutive effect during the reporting period concerned. Accordingly, EPS diluted also amounts to €0.04 (9M/2016: minus €1.35). EPS diluted (continuing operations) amounts to minus €0.17.

## Segment information

€ million	CFM	GMS	Corporate	Consolidation adjustments	SGL Group
<b>Nine months 2017 - continuing operations</b>					
External sales revenue	253.9	381.5	6.7	0.0	642.1
Intersegment sales revenue	3.9	0.0	20.4	-24.3	0.0
<b>Total sales revenue</b>	<b>257.8</b>	<b>381.5</b>	<b>27.1</b>	<b>-24.3</b>	<b>642.1</b>
Operating profit (EBIT) before non-recurring charges (recurring EBIT)	17.2	37.5	-21.7	0.0	33.0
Non-recurring charges <sup>1)</sup>	-6.0	1.0	0.0	0.0	-5.0
Operating profit/loss (EBIT) after non-recurring charges	11.2	38.5	-21.7	0.0	28.0
Capital expenditures <sup>2)</sup>	5.8	15.1	9.4	0.0	30.3
Earnings before interest, taxes, depreciation and amortization (EBITDA) before non-recurring charges	32.8	54.4	-17.1	0.0	70.1
Amortization/depreciation on intangible assets and property, plant and equipment	15.6	16.9	4.6	0.0	37.1
Working Capital <sup>3)</sup>	117.9	199.5	-23.7	0.0	293.7
Capital employed <sup>4)</sup>	392.6	395.8	56.2	0.0	844.6

€ million	CFM	GMS	Corporate	Consolidation adjustments	SGL Group
<b>Nine months 2016 - continuing operations</b>					
External sales revenue	234.5	321.4	6.2	0.0	562.1
Intersegment sales revenue	3.5	0.0	21.5	-25.0	0.0
<b>Total sales revenue</b>	<b>238.0</b>	<b>321.4</b>	<b>27.7</b>	<b>-25.0</b>	<b>562.1</b>
Operating profit (EBIT) before non-recurring charges (recurring EBIT)	16.8	18.8	-22.8	0.0	12.8
Non-recurring charges <sup>1)</sup>	0.0	0.5	0.1	0.0	0.6
Operating profit/loss (EBIT) after non-recurring charges	16.8	18.3	-22.9	0.0	12.2
Capital expenditures <sup>2)</sup>	7.5	6.8	7.7	0.0	22.0
Earnings before interest, taxes, depreciation and amortization (EBITDA) before non-recurring charges	32.5	35.3	-18.8	0.0	49.0
Amortization/depreciation on intangible assets and property, plant and equipment	15.7	16.5	4.0	0.0	36.2
Working Capital (31.12) <sup>3)</sup>	95.2	183.4	-24.4	0.0	254.2
Capital employed <sup>4)</sup> (31.12)	386.4	385.7	57.8	0.0	829.9

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

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

<sup>3)</sup> Defined as sum of inventories, and trade receivables less trade payables

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

## Subsequent Events

### Sales of graphite electrode business to Showa Denko completed

The sale of the graphite electrode (GE) business to Showa Denko was closed on October 2, 2017. The final proceeds will be derived from the mutually agreed closing balance sheet dated September 30, 2017. In addition to the €230 million which were transferred on October 2, 2017, a further payment in a mid-double digit million euro range is anticipated in the first quarter 2018. The asset disposal will lead to a negative earnings effect from attributable cumulative currency translation differences in the fourth quarter 2017. Based on our current assessment, this effect will be more or less fully compensated by the reversal of impairment charges from the remeasurement of GE at fair value less costs to sell due to the better than expected operational development.

---

### **Early redemption of corporate bond completed**

With the proceeds of the December 2018 capital increase and the proceeds from the sale of the GE business, we redeemed early and in full our corporate bond with a nominal of €250 million as of October 30, 2017.

### **Sale of the cathodes, furnace linings and carbon electrode (CFL/CE) business to Triton completed**

The sale of the CFL/CE business to Triton was closed on November 2, 2017, leading to cash proceeds of €230 million and a book profit of approximately €130 million in the fourth quarter 2017. This asset disposal will also lead to a negative earnings effect from attributable cumulative currency translation differences in a mid-single digit million euro amount. The proceeds from the sale of the CFL/CE business will be used to pay back the convertible bond with an original nominal of €240 million at maturity in January 2018.

### **Acquisition of the remaining shares in Benteler SGL**

As announced on November 8, 2017, we are acquiring the remaining 50% share in our joint venture Benteler SGL. Following the closing of this transaction, which we expect in December, this business activity will be fully consolidated. However, due to the short inclusion, this will, from the current perspective, not have any material impact on sales and operating result of the business unit CFM for the fiscal year 2017 but increase our net debt as of December 31, 2017, by a mid-double digit million euro amount. For the fiscal year 2018, the acquisition will have a small positive impact on sales and earnings (EBITDA).

Wiesbaden, 9 November 2017

**SGL Carbon SE**

**The Board of Management**

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, November 09, 2017

**SGL Carbon SE**

**The Board of Management**

# Other Information

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

€ million	2017	Nine months	
		2016	Change
<b>Sales revenue</b>			
Composites - Fibers & Materials	253.9	234.5	8.3%
Graphite Materials & Systems	381.5	321.4	18.7%
Corporate	6.7	6.2	8.1%
<b>SGL Group - continuing operations</b>	<b>642.1</b>	<b>562.1</b>	<b>14.2%</b>
<b>SGL Group - discontinued operations (PP)</b>	<b>348.8</b>	<b>310.3</b>	<b>12.4%</b>

€ million	Nine months		
	2017	2016	Change
<b>EBIT before non-recurring charges (recurring EBIT)<sup>1)</sup></b>			
Composites - Fibers & Materials	17.2	16.8	2.4%
Graphite Materials & Systems	37.5	18.8	99.5%
Corporate	-21.7	-22.8	4.8%
<b>SGL Group - continuing operations</b>	<b>33.0</b>	<b>12.8</b>	>100%
<b>SGL Group - discontinued operations (PP)</b>	<b>21.4</b>	<b>-20.4</b>	>100%

<sup>1)</sup> Non-recurring charges of minus €5.0 million and minus €0.6 million in the nine months 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				2017				Q1-Q3
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	
<b>Sales revenue</b>									
Composites - Fibers & Materials	82.3	74.2	78.0	82.9	317.4	93.6	82.6	77.7	253.9
Graphite Materials & Systems	103.0	115.9	102.5	122.7	444.1	121.4	133.7	126.4	381.5
Corporate	2.2	1.8	2.2	2.1	8.3	1.3	2.7	2.7	6.7
<b>SGL Group - continuing operations</b>	<b>187.5</b>	<b>191.9</b>	<b>182.7</b>	<b>207.7</b>	<b>769.8</b>	<b>216.3</b>	<b>219.0</b>	<b>206.8</b>	<b>642.1</b>
<b>SGL Group - discontinued operations (PP)</b>	<b>107.2</b>	<b>101.4</b>	<b>101.7</b>	<b>109.4</b>	<b>419.7</b>	<b>103.4</b>	<b>114.0</b>	<b>131.4</b>	<b>348.8</b>

€ million	2016				2017				Q1-Q3
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	
<b>EBIT before non-recurring charges (recurring EBIT)<sup>1)</sup></b>									
Composites - Fibers & Materials	7.8	4.4	4.6	3.3	20.1	7.9	4.5	4.8	17.2
Graphite Materials & Systems	7.0	6.5	5.3	9.0	27.8	8.5	15.4	13.6	37.5
Corporate	-8.4	-7.7	-6.7	-4.4	-27.2	-6.8	-7.0	-7.9	-21.7
<b>SGL Group - continuing operations</b>	<b>6.4</b>	<b>3.2</b>	<b>3.2</b>	<b>7.9</b>	<b>20.7</b>	<b>9.6</b>	<b>12.9</b>	<b>10.5</b>	<b>33.0</b>
<b>SGL Group - discontinued operations (PP)</b>	<b>-8.8</b>	<b>-11.0</b>	<b>-0.6</b>	<b>-2.2</b>	<b>-22.6</b>	<b>3.9</b>	<b>3.0</b>	<b>14.5</b>	<b>21.4</b>

in %	2016				2017				Q1-Q3
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	
<b>Return on sales (EBIT-margin) before non-recurring charges<sup>1)</sup></b>									
Composites - Fibers & Materials	9.5	5.9	5.9	4.0	6.3	8.4	5.4	6.2	6.8
Graphite Materials & Systems	6.8	5.6	5.2	7.3	6.3	7.0	11.5	10.8	9.8
<b>SGL Group - continuing operations</b>	<b>3.4</b>	<b>1.7</b>	<b>1.8</b>	<b>3.8</b>	<b>2.7</b>	<b>4.4</b>	<b>5.9</b>	<b>5.1</b>	<b>5.1</b>
<b>SGL Group - discontinued operations (PP)</b>	<b>-8.2</b>	<b>-10.8</b>	<b>-0.6</b>	<b>-2.0</b>	<b>-5.4</b>	<b>3.8</b>	<b>2.6</b>	<b>11.0</b>	<b>6.1</b>

<sup>1)</sup> Non-recurring charges of plus €3.0 million in 2016 and €5.0 million in the first nine months of 2017 (continuing operations)

## Quarterly Consolidated Income Statement

€ million	2016					2017			
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q1-Q3
<b>Sales revenue</b>	<b>187.5</b>	<b>191.9</b>	<b>182.7</b>	<b>207.7</b>	<b>769.8</b>	<b>216.3</b>	<b>219.0</b>	<b>206.8</b>	<b>642.1</b>
Cost of sales	−149.0	−158.7	−151.3	−173.9	−632.9	−173.6	−171.6	−165.1	−510.3
<b>Gross profit</b>	<b>38.5</b>	<b>33.2</b>	<b>31.4</b>	<b>33.8</b>	<b>136.9</b>	<b>42.7</b>	<b>47.4</b>	<b>41.7</b>	<b>131.8</b>
Selling, administrative, R&D and other operating income/expense	−33.6	−31.8	−30.5	−27.4	−123.3	−35.6	−37.1	−34.3	−107.0
Result from investments accounted for At-Equity	1.5	1.8	2.3	1.5	7.1	2.5	2.6	3.1	8.2
<b>Operating profit (EBIT) before non-recurring charges (recurring EBIT)</b>	<b>6.4</b>	<b>3.2</b>	<b>3.2</b>	<b>7.9</b>	<b>20.7</b>	<b>9.6</b>	<b>12.9</b>	<b>10.5</b>	<b>33.0</b>
Restructuring expenses/Others	0.2	−0.2	−0.6	−9.2	−9.8	−0.6	−6.2	1.8	−5.0
Reversal of impairment losses				12.8	12.8				
<b>Operating profit (EBIT)</b>	<b>6.6</b>	<b>3.0</b>	<b>2.6</b>	<b>11.5</b>	<b>23.7</b>	<b>9.0</b>	<b>6.7</b>	<b>12.3</b>	<b>28.0</b>
Net financing result	−15.3	−10.6	−12.8	−12.2	−50.9	−14.1	−12.1	−12.4	−38.6
<b>Result from continuing operations before income taxes</b>	<b>−8.7</b>	<b>−7.6</b>	<b>−10.2</b>	<b>−0.7</b>	<b>−27.2</b>	<b>−5.1</b>	<b>−5.4</b>	<b>−0.1</b>	<b>−10.6</b>
Income tax expense	−7.5	0.8	4.9	−5.0	−6.8	−0.9	−4.1	−1.8	−6.8
<b>Result from continuing operations</b>	<b>−16.2</b>	<b>−6.8</b>	<b>−5.3</b>	<b>−5.7</b>	<b>−34.0</b>	<b>−6.0</b>	<b>−9.5</b>	<b>−1.9</b>	<b>−17.4</b>
Result from discontinued operations, net of income taxes	−9.8	−39.6	−45.3	19.0	−75.7	6.5	7.4	11.6	25.5
<b>Net result for the period</b>	<b>−26.0</b>	<b>−46.4</b>	<b>−50.6</b>	<b>13.3</b>	<b>−109.7</b>	<b>0.5</b>	<b>−2.1</b>	<b>9.7</b>	<b>8.1</b>
Thereof attributable to:									
Non-controlling interests	0.4	0.4	0.3	0.9	2.0	0.8	1.2	0.8	2.8
Consolidated net result (attributable to shareholders of the parent company)	−26.4	−46.8	−50.9	12.4	−111.7	−0.3	−3.3	8.9	5.3

## Financial Calender

### March 14, 2018

- Publication of Annual Report 2017
- Annual press conference
- Investor and analyst meeting (including conference call)

### May 08, 2018

- Report on the First Quarter 2018
- Conference call for investors and analysts

### May 29, 2018

- Annual General Meeting

### August 07, 2018

- Interim Report on the First Half Year 2018
- Conference call for investors and analysts

### November 06, 2018

- Report on the First Nine Months 2018
- 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](mailto:Investor-Relations@sglgroup.com)

**www.sglgroup.com**

Produced inhouse 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 related to SGL Group's cost savings programs. 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 may have on SGL Group's financial condition and results of operations 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](mailto:investor-relations@sglgroup.com)  
[www.sglgroup.com](http://www.sglgroup.com)