sgl carbon

Report on the first half year

Summary

Group sales increased by approx. 6% to €562 million in the first half 2019 compared to the prior year period based on organic growth in the market segments Digitization, Energy, and Chemicals

Adjusted for a positive one-time effect in the prior year, Group recurring EBIT decreased by approx. €2 million to almost €38 million

Business units developed as expected: CFM improved slightly in the second quarter 2019 compared to the weak first quarter while GMS recorded a second quarter 2019 slightly below the record level of the first quarter – in summary Group EBIT in Q2/2019 came in as forecasted

Guidance for the fiscal year 2019 fully confirms the outlook presented in the Annual Report 2018

Refinancing measures completed with the successful placement of a €250 million corporate bond in April 2019 as well as the €175 million syndicated loan signed in January 2019

Following the repayment of the BMW loans which provided financing for the former joint venture as of June 30, 2019, the convertible bond 2015/2020 was redeemed ahead of maturity subsequent to the balance sheet date in July 2019

Financial highlights

€ million	1st Half Year 2019	2018	Change
Sales revenue	561.5	529.3	6.1%
EBITDA before non-recurring items	73.1	75.0	–2.5%
Operating profit (EBIT) before non-recurring items (recurring EBIT)	37.8	44.2	–14.5%
Return on sales (EBIT-margin) [1]	6.7%	8.4%	-
Return on capital employed (ROCE $_{EBIT}$)[2]	4.6%	6.0%	-
Operating profit	33.5	71.0	–52.8%
Result from discontinued operations, net of income taxes	–0.1	–4.0	97.5%
Consolidated net result (attributable to shareholders of the parent company)	10.1	47.3	–78.6%

€ million	30. Jun. 19	31. Dec. 18	Change
Total assets	1,784.7	1,585.1	12.6%
Equity attributable to the shareholders of the parent company	506.2	531.6	–4.8%
Net financial debt [3]	272.9	242.2	12.7%
Gearing [4]	0.54	0.46	-
Equity ratio [5]	28.4%	33.5%	-

[1] Ratio of EBIT before non-recurring items to sales revenue
[2] EBIT before non-recurring items 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

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News

SGL Carbon

July 2019
Subsequent to the balance sheet date, on July 1, 2019, we launched a voluntary tender offer to the holders of the convertible bond 2015/2020 at 103.50%. The tender offer was open until July 3, 2019 and was accepted by more than 87% of the bond holders. As a result, we were able to redeem the remaining outstanding convertible bonds. The cash used to redeem the convertible bond 2015/2020 prematurely was raised from the corporate bond issue in April 2019 (see above).

April 2019
On April 10, 2019 we successfully placed a corporate bond in the amount of €250 million with a coupon of 4,625% and a maturity until September 2024 among institutional investors. The transaction generated very good demand and was several times oversubscribed. With this bond and the syndicated loan in the amount of €175 million signed in January 2019, we have completed our refinancing measures and are thus financed until 2023 with respect to our existing financial liabilities.

March 2019
The Supervisory Board of SGL Carbon SE has extended the contract of the Chief Executive Officer Dr. Jürgen Köhler (58) for another term of three years until December 31, 2022 at its meeting on March 26, 2019. The Supervisory Board thus sends a message of continuity.

Dr. Jürgen Köhler has been a member of the Board of Management of SGL Carbon SE since June 1, 2013 and has been CEO of SGL Carbon SE since January 1, 2014.

Reporting Segment Composites – Fibers & Materials (CFM)

July 2019
SGL Carbon and Elbe Flugzeugwerke, a long-established German aircraft manufacturer, have extended their contract to supply prepregs (impregnated carbon fiber textiles) for use in the Airbus A350 cabin's floor panels by another year, to the end of 2020.

SGL Carbon has been supplying Elbe Flugzeugwerke with carbon fiber prepregs for the floor panels since the A350 was first launched. Due to its low weight and its excellent strength and rigidity, the material is particularly well suited to the lightweight construction required by the aerospace industry.

July 2019
With the delivery of millionth composite leaf spring to Volvo Cars, SGL Carbon has reached a milestone in the history of serial production of fiber composite components. The leaf spring is manufactured at the Innkreis site in Austria.

With this fully automated, scalable serial production of leaf springs based on glass fiber reinforced plastic (GFRP), SGL Carbon offers one of the largest range of composite components in the automotive industry. Compared with standard steel leaf springs, which can weigh up to 15 kg, a similar GFRP spring leaf weighs just 6 kg, making it around 65 percent lighter. Besides a reduction in weight, the composite leaf spring also requires less space and ensures easy handling. Furthermore, the composite design means the leaf spring can be tailored to different models, giving manufacturers a high degree of flexibility while cutting costs at the same time. The leaf spring is part of Volvo Cars' global SPA vehicle platform and is used in different Volvo models. SGL Carbon is also implementing similar concepts together with other car manufacturers from Europe and North America.

May 2019
The UK's National Composites Centre (NCC) and SGL Carbon have entered into a new partnership to jointly develop future composite technologies for different applications in aerospace, transportation, as well as oil & gas. A development area is the improvement of material utilization for primary and secondary structure components.

To this end, the two partners are currently setting up a development program for the advanced processing of carbon fiber-based textiles like Non-Crimp Fabrics (NCF) at the NCC's research and technology facility in Bristol. Over the course of this year, they will produce demonstrator components and prototypes of new composite airplane wings using NCF materials based on carbon fibers from SGL Carbon. The fabrics are developed for efficient processing of composite components and are produced at the SGL Carbon site in Wackersdorf, Germany. The carbon fibers used are being produced by SGL Carbon in their UK manufacturing site at Muir of Ord, in the Scottish Highlands and their Moses Lake site in the USA.

April 2019
The Chinese automotive manufacturer NIO in collaboration with SGL Carbon has developed battery enclosures made of carbon fiber reinfoced plastics (CFRP) for high-performance electric vehicles. Thanks to the use of CFRP, the battery enclosure is extremely lightweight, stable and safe. The entire battery

enclosure, including the batteries, can be changed at swapping stations of NIO within just three minutes. NIO presented the swap concept at NIO Day in December 2017 for the first time and now demonstrated the actual system along with various technological innovations including the CFRP battery enclosure live at the 2019 Shanghai Auto Show.

Commercial battery enclosures for electric vehicles are mainly made of aluminum and steel. In comparison, the CFRP battery enclosure is around 40 percent lighter. Other benefits include the enclosures' stiffness and the approximately 200 times lower thermal conductivity of CFRP compared to aluminum, which better shields the battery from heat and cold. Plus, the composite also offers excellent values in terms of water and gas leakage tightness and corrosion resistance

SGL Carbon expects demand for lightweight solutions for battery enclosures in the automotive sector to grow rapidly in the next few years due to increasing electromobility. The company is already working with various partners to continue developing different battery enclosures made of composites with the aim of scaling them for electric vehicle batteries of all sizes and designs.

March 2019
The Fiber Placement Center (FPC) of SGL Carbon and Fraunhofer IGCV based at the SGL site in Meitingen (Germany) is constantly evolving. At this year's JEC World in Paris the Center's first anniversary as well as the acquisition of two new partners Cevotec and Coriolis Composites was recognized.

March 2019
SGL Carbon and Onur Materials Services enter into supply contract and cooperation for high-performance insulation components for aero engines. In addition, Onur Materials Services will act as a sales partner for the distribution of additional blankets to other renowned airlines in various countries in the Middle East with a sales potential for several hundred additional blankets.

March 2019
At the JEC World in Paris, the worldwide largest trade fair for composites, SGL Carbon laid the focus on smart solutions for the automotive industry. Under the motto „The Weight and Performance Optimizers" SGL Carbon presented a wide range of tailored components and high-performance materials along the entire value chain. Examples include:

- Carbon composite rear wall for a high-performance car of a major German automobile manufacturer.
- An innovative natural fiber door concept for a sportscar manufacturer. In concrete terms, the hybrid composite components consist of a combination of biology-based natural fibers and fossil-based carbon fibers as well as conventional plastics.
- Visible carbon components with a high degree of functional integration.
- Leaf springs based on fiberglass
- Composite battery boxes for electric vehicles based on glass fiber and carbon fiber reinforced composite materials.
- Windshield in efficient skeleton design composed from a combination of formable thermoplastic profiles and subsequent extrusion coating with thermoplastic short fiber granules into a complex skeletal structure.

January 2019
SGL Carbon and Airbus Helicopters agree on framework contract for more intensive collaboration. The helicopter manufacturer Airbus Helicopters Germany and SGL Carbon have been working together for years in the field of processing composite materials for aircraft doors of the Airbus Group. In future, the cooperation with Airbus will be extended and further intensified to applications for the helicopter sector for example for the supply of fiber-based fabrics.

Reporting segment Corporate

April 2019
At this year's Hannover Messe trade show, the "world's leading industrial show," SGL Carbon's central research and development department showcased current development projects at the joint booth "Bayern Innovativ". SGL Carbon's motto is "innovation with carbon" and focused on three major areas: Additive manufacturing with carbon and silicon carbide, hybrid materials with carbon, and high-performance ceramics. Among others, showcased items include 3D-printed casting cores, pump housings and heat exchangers, a metal-CFRP structure, a test rocket nozzle infiltrated with silicon carbide, as well as innovative carbon fiber fabrics for reinforcing concrete with CFRP.

Interim Group Management Report
(unaudited)

Economic Environment

In its latest World Economic Outlook in July 2019, the International Monetary Fund (IMF) reports that global growth is still sluggish. Since its last report in April 2019, the United States further increased tariffs on certain Chinese imports and China retaliated by raising tariffs on a subset of US imports. Additional escalation was averted following the June G20 summit. Global technology supply chains were threatened by the prospect of US sanctions, potentially "hard" Brexit-related uncertainty continued, and rising geopolitical tensions roiled energy prices.

Against this economic backdrop, the IMF once again reduced its forecasts for global growth to 3.2% in 2019 and 3.5% in 2020 (0.1%-points lower than the April 2019 projections for both years).

GDP releases so far this year, together with generally softening inflation, point to weaker-than-anticipated global activity. Investment and demand for consumer durables have been subdued across advanced and emerging market economies as firms and households continue to hold back on long-range spending. Accordingly, global trade, which is intensive in machinery and consumer durables, remains sluggish. The projected growth pickup in 2020 is precarious, presuming stabilization in currently stressed emerging market and developing economies and progress toward resolving trade policy differences.

Despite the slightly reduced growth rates and the increased risks, we confirm the statements made in the Annual Report 2018 with regards to our anticipated business development.

Key events of the business development

New senior secured notes

SGL Carbon SE has successfully placed Senior Secured Notes in the amount of €250 million with an interest rate of 4.625% due September 2024 (the “Notes”) in April 2019.

SGL Carbon used the proceeds, together with cash on hand, to prefund its existing convertible bonds due 2020 (the “2020 Convertible Bonds”), to completely repay the loan related to the BMW Joint Venture and to pay related costs and expenses. SGL Carbon deposited the aggregate amount of principal and interest due under the 2020 Convertible Bonds into an escrow account that was pledged for the benefit of the holders of the 2020 Convertible Bonds to prefund this bond. In July 2019, the convertible bond was repurchased prematurely.

At the end of June 2019, the loans granted by the BMW Group to SGL Composites USA in the amount of €87.6 million were repaid completely.

New IFRS 16 accounting standard

Effective January 1, 2019, SGL Carbon adopted the new accounting standard of IFRS 16 (Leases) and changed its accounting policies. In accordance with the chosen transition method in accordance with IFRS 16, there is no adjustment to prior periods. As a result, changes in net income, assets and liabilities, and cash flow will be affected by the new accounting policies in fiscal year 2019.

The following effects resulted from the first-time adoption of IFRS 16 as of January 1, 2019:

- capitalization of rights of use increased property, plant and equipment by €36.7 million
- Financial liabilities increased by €36.6 million due to the recognition of leasing liabilities. Of this amount, €27.3 million related to long-term liabilities and €9.3 million to short-term liabilities.
- Shareholders' equity increased by €0.1 million.

In the first half 2019, we recognized depreciation for rights of use assets in the amount of €4.2 million and imputed interest expenses for lease liabilities in the amount of €0.6 million in our consolidated income statement. IFRS 16 also affects the structure of the cash flow statement of SGL Carbon: Cash flow from operating activities and free cash flow increased by €4.2 million and cash flow from financing activities decreased by €4.2 million.

For further details to the transition effects in the opening balance sheet, please refer to the notes to the condensed consolidated interim financial statements.

Business development

Segment Reporting

Reporting segment Composites – Fibers & Materials (CFM)

	1st Half Year		
€ million	2019	2018	Change
Sales revenue	219.4	223.7	–1.9%
EBITDA before non-recurring items [1]	19.9	33.7	–40.9%
EBIT before non-recurring items (recurring EBIT) [1]	2.8	17.3	–83.8%
Return on sales (EBIT-margin) [1]	1.3%	7.7%	-
Return on capital employed (ROCE $_{EBIT}$)[2]	0.9%	5.3%	-
Operating profit (EBIT)	–1.5	40.6	>–100%

[1] Non-recurring items of minus €4.3 million and €23.3 million in the first half year 2019 and 2018, respectively

[2] EBIT before non-recurring items 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)

As expected, sales in the first half 2019 in the reporting segment CFM at €219.4 million remained close to the prior year level (currency adjusted: minus 3%). As in the first quarter, the strong growth in the market segment Wind Energy compared to the very weak prior year, continued into the second quarter. In the first half 2019, sales in the market segments Textile Fibers and Automotive remained close to the prior year level, while the market segment Industrial Applications posted lower sales due to the weakening global economy. The market segment Aerospace also remained below the prior year level due to different timings of project billings.

Ceramic Brake Discs (Brembo SGL; development and production of carbon ceramic brake discs) is the major investment accounted for At-Equity and is allocated to the market segment Automotive. In the first half 2019, sales of all At-Equity accounted investments at €120.9 million decreased slightly compared to the prior year level (H1/2018: €126.6 million, 100% values for companies) and is not included in our Group sales revenue. This development is attributed to slightly lower deliveries at Ceramic Brake Discs, as the end customers are waiting for new car models to be launched in the second half of this year.

As anticipated, recurring EBIT in the second quarter 2019 improved slightly compared to the weak first quarter 2019, primarily reflecting the projected improvement in the market segment Textile Fibers. In total, recurring EBIT in the first half 2019 reached €2.8 million and was substantially below the prior year level of €17.3 million. Accordingly, the EBIT margin in the business unit decreased to 1.3% after 7.7%.

The main reason for this development was lower earnings in the market segments Automotive (incl. the At-Equity accounted investment Brembo SGL) and Aerospace, caused by a temporary unfavorable product mix resp. different timing of project billings. Despite higher sales, the market segment Wind Energy also recorded declining earnings due on one hand to a delivery pushback into the second half of this year based on external factors, and on the other hand, to a temporary unfavorable product mix. The earnings decline in the market segment Textile Fibers is attributable to the unfavorable margin development in the first quarter 2019, which already improved in the second quarter. The earnings improvement in the market segment Industrial Applications was not able to compensate for above developments.

After consideration of non-recurring items amounting to minus €4.3 million, EBIT in the first half 2019 decreased to minus €1.5 million (H1/2018: €40.6 million). Non-recurring items in the prior year period included a positive effect from the full consolidation of the former Joint Ventures with the BMW Group (SGL ACF) resulting from the adjustment to the fair value of the proportionate shareholding as of the date of acquisition in the amount of €28.4 million as well as the depreciation from the purchase price allocation relating to the purchase of the remaining shareholding in SGL ACF. In contrast, non-recurring items in the reporting period only included the depreciation from the purchase price allocation.

Reporting segment Graphite Materials & Systems (GMS)

	1st Half Year		
€ million	2019	2018	Change
Sales revenue	321.0	288.0	11.5%
EBITDA	61.6	51.4	19.8%
EBIT before non-recurring items (recurring EBIT) [1]	48.5	40.0	21.3%
Return on sales (EBIT-margin)	15.1%	13.9%	-
Return on capital employed (ROCE $_{EBIT}$)[2]	16.8%	14.8%	-
Operating profit (EBIT)	48.5	40.4	20.0%

[1] Non-recurring items of €0.0 million and €0.4 million in the first half year 2019 and 2018, respectively

[2] EBIT before non-recurring items 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 GMS in the first half 2019 increased by 12% (currency adjusted: 9%) to €321.0 million. The main driver for this strong development was the market segments Semiconductor and LED, which increased their sales substantially double-digit. The market segment Automotive & Transport also grew more than proportionately and increased its sales by more than 30%. Substantial growth of 10% was also recorded in the market segments Industrial Applications and Chemicals. As expected, sales in the market segment Battery & other Energy remained slightly below the prior year level while we again limited sales to below the prior year level in the market segment Solar to prioritize sales to the Semiconductor and LED industries.

In total, recurring EBIT in the first half 2019 increased more than proportionately by 21% to €48.5 million (H1/2018: €40.0 million) which resulted in a higher EBIT margin of 15.1% (H1/2018: 13.9%) due to improved results in most market segments. Earnings in the market segment Solar was slightly below the prior period level. Despite higher sales, earnings in the market segment Automotive & Transport declined due to customary startup costs relating to new projects, which are expected to decline in the course of the year.

Reporting segment Corporate

	1st Half Year		
€ million	2019	2018	Change
Sales revenue	21.1	17.6	19.9%
thereof Central Innovation	*5.3*	*2.7*	*96.3%*
EBITDA	−8.4	−10.1	16.8%
EBIT before non-recurring items (recurring EBIT) [1]	−13.5	−13.1	−3.1%
Operating profit/loss (EBIT)	−13.5	−10.0	−35.0%
thereof Central Innovation	*−3.4*	*−4.1*	*17.1%*

[1] Non-recurring items of €0.0 million and €3.1 million in the first half year 2019 and 2018, respectively

In the first half 2019, sales in the reporting segment Corporate increased by 20% (no currency effect) compared to the prior year period to €21.1 million (H1/2018: €17.6 million) mainly due to substantially higher sales in the market segment Energy. This relates to sales of our central research & development department (Central Innovation) for fuel cell components.

Recurring EBIT in the reporting segment Corporate at minus €13.5 million was on the prior year level (H1/2018: minus €13.1 million). However, the prior year included a positive effect from a land sale in Canada in the amount of €3.9 million. Adjusted for this effect, EBIT in the reporting segment Corporate improved substantially due to the non-recurrence of costs relating to last year's implementation of the Operations Management System (OMS), high one-time income from services provided to the former graphite electrode business, as well as lower net expenses of our central research and development activities. These were €0.7 million below the prior year level due to the increased earnings contribution from the business with fuel cell components.

Group business development

Condensed Consolidated Income Statement

	1st Half Year		
€ million	2019	2018	Change
Sales revenue	**561.5**	**529.3**	**6.1%**
Cost of sales	−437.1	−413.0	−5.8%
Gross profit	**124.4**	**116.3**	**7.0%**
Selling, administrative and R&D expenses	−94.9	−91.3	−3.9%
Other operating income/expenses	2.0	10.6	−81.1%
Result from investments accounted for At-Equity	6.3	8.6	−26.7%
Operating profit (EBIT) before non-recurring items (recurring EBIT)	**37.8**	**44.2**	**−14.5%**
Non-recurring items	−4.3	26.8	>−100%
Operating profit (EBIT)	**33.5**	**71.0**	**−52.8%**
EBITDA before non-recurring items	**73.1**	**75.0**	**−2.5%**

Group sales revenue of SGL Carbon increased by 6% (currency adjusted by 4%) to €561.5 million (H1/2018: €529.3 million). The increase in sales revenue is primarily attributable to higher deliveries and price increases in GMS. The gross margin improved to 22.2% in the reporting period (H1/2018: 22.0%) due to price increases and higher fixed cost absorption in the reporting segment GMS as well as cost savings. Accordingly, gross profit rose to €124.4 million in the reporting period from €116.3 million in the prior year period. Selling, administrative, and R&D expenses increased by 4% to €94.9 million (H1/2018: €91.3 million), and thus at a slightly slower rate than sales revenue.

Although recurring EBIT in the period under review decreased by approximately 15% to €37.8 million (H1/2018: €44.2 million), the prior-year period included an income of €3.9 million from a land sale in the reporting segment Corporate. Adjusted for this effect, recurring EBIT decreased by 6%. This is attributable to the fact that the decline in earnings in the business unit CFM could not be offset by the improvements in operating earnings in the business unit GMS and in Corporate.

EBIT after non-recurring items decreased from to €71.0 million in the first half of 2018 to €33.5 million in the reporting period mainly due to the high positive non-recurring item in the previous year. In the first half 2018, an adjustment to the fair value of the net assets of the previously proportionally consolidated joint operation with the BMW Group was required. This resulted in a positive impact on non-recurring earnings amounting to €28.4 million. Non-recurring items of minus €4.3 million in the reporting period mainly include the additional amortization of identified assets and liabilities resulting from purchase price allocation (PPA). In addition, further non-recurring items from the increase and reduction in restructuring provisions have balanced each other out.

Net financing result

	1st Half Year		
€ million	2019	2018	Change
Interest income	1.1	0.5	>100%
Interest expense	–10.4	–6.9	–50.7%
Imputed interest convertible bonds (non-cash)	–3.3	–2.4	–37.5%
Imputed interest finance lease (non-cash)	–1.8	–1.2	–50.0%
Carrying amount of current and non-current financial liabilities	–3.1	–2.8	–10.7%
Interest expense, net	**–17.5**	**–12.8**	**–36.7%**
Amortization of refinancing costs (non-cash)	–1.1	–0.8	–37.5%
Foreign currency valuation of Group loans (non-cash)	–0.2	0.0	-
Other financial income/expenses	0.1	–0.1	>100%
Other financing result	**–1.2**	**–0.9**	**–33.3%**
Net financing result	**–18.7**	**–13.7**	**–36.5%**

After the repayment of the convertible bond 2012/2018 (interest rate of 2.75%) in January 2018, interest expense particularly related to the interest on the corporate bond issued in April 2019 (interest rate of 4.625%), the convertible bond 2015/2020 (interest rate of 3.5%), the convertible bond 2018/2023 (interest rate 3.0%) and the financial debt of SGL Composites due to BMW Group. The non-cash imputed interest on the convertible bond is recognized in order to adjust the coupon on the convertible bond to comparable interest rates at the time of its issuance.

As a result of the corporate bond issued in April 2019, the convertible bond issued in the third quarter of 2018 and the interest expense from IFRS 16 to be recognized for the first time in 2019 amounting to €0.6 million, net interest expense for the reporting period increased significantly from minus €12.8 million to minus €17.5 million. The repayment of the loans to the BMW Group in June 2019 and the repayment of the convertible bond 2015/2020 subsequent to the balance sheet date in July 2019 will have a positive impact on net interest expense in the second half of the year. The other financing result, in particular from increased amortization of refinancing costs, decreased year-on-year to minus €1.2 million (H1/2018: minus €0.9 million). Overall, the financial result thus declined to minus €18.7 million (H1/2018: €13.7 million).

Condensed Consolidated Income Statement (continued)

	1st Half Year		
€ million	2019	2018	Change
Operating profit (EBIT)	**33.5**	**71.0**	**–52.8%**
Net financing result	–18.7	–13.7	–36.5%
Result from continuing operations before income taxes	**14.8**	**57.3**	**–74.2%**
Income tax expense	–4.3	–5.7	24.6%
Result from continuing operations	**10.5**	**51.6**	**–79.7%**
Result from discontinued operations, net of income taxes	–0.1	–4.0	97.5%
Net result for the period	**10.4**	**47.6**	**–78.2%**
Attributable to:			
Non-controlling interests	0.3	0.3	0.0%
Consolidated net result (attributable to shareholders of the parent company)	10.1	47.3	–78.6%
Earnings per share - basic and diluted (in €)	0.08	0.39	–79.5%
Earnings per share continuing operations, basic and diluted (in €)	0.08	0.42	–81.0%
Earnings per share - discontinued operations, diluted (in €)	0.00	–0.03	100.0%

Result from continuing operations

Mainly due to the non-recurrence of the positive non-recurring item in the prior year in the amount of €28.4 million as described above, the result from continuing operations before income taxes decreased from €57.3 million in the prior year period to €14.8 million in the reporting period. Income tax expense of €4.3 million (prior year period: €5.7 million) was characterized by current tax expenses on the positive earnings contributions of group companies.

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

The result from discontinued operations mainly includes income and expenses incurred by the former business units Performance Products (PP). There was no material impact on earnings in the reporting period. The expense in the prior year period was impacted by additional tax provisions related to the sale of PP.

Consolidated net result of the period amounted to €10.1 million compared to €47.3 million in the prior year period (after deduction of non-controlling interests of €0.3 million in the reporting period and €0.3 million in the first half 2018).

Balance sheet structure

ASSETS €m	30. Jun. 19	31. Dec. 18	Change
Non-current assets	1,048.9	841.2	24.7%
Current assets	735.5	742.2	–0.9%
Assets held for sale	0.3	1.7	–82.4%
Total assets	**1,784.7**	**1,585.1**	**12.6%**
EQUITY AND LIABILITIES €m			
Equity attributable to the shareholders of the parent company	506.2	531.6	–4.8%
Non-controlling interests	10.0	10.7	–6.5%
Total equity	**516.2**	**542.3**	**–4.8%**
Non-current liabilities	1,022.7	798.0	28.2%
Current liabilities	245.8	244.3	0.6%
Liabilities in connection with assets held for sale	-	0.5	-
Total equity and liabilities	**1,784.7**	**1,585.1**	**12.6%**

Total assets as of June 30, 2019, increased by €199.6 million or 12.6% to €1,784.7 million compared to December 31, 2018, mainly due to the cash inflow from the corporate bond issued in April 2019, of which a partial amount of €176.8 million was deposited in an escrow account for the full repayment of the convertible bond 2015/2020 (including interest). This led to the significant increase in non-current assets, as the convertible bond 2015/2020 was assumed to have a maturity of more than one year. In addition, non-current assets increased by €33.3 million at the end of the first half as a result of the first time adoption of IFRS 16, which requires the capitalization of lease contracts. In contrast, current assets decreased slightly. The decrease in cash and cash equivalents in the amount of €36.6 million was only partially compensated by the increase in trade receivables and contract assets in the amount of €23.6 million.

The increase in non-current liabilities is mainly attributable to the issue of the corporate bond. In addition, the pension provision increased by €38.5 million to €331.7 million. This increase is the result of the adjustment of the pension discount rates to the expected long-term interest environment in Germany and in the US by minus 0.7%-points to 1.2% and by 0.7%-points to 3.5%. Furthermore, a total of €19.6 million required by the new lease accounting in accordance with IFRS 16 is reported as non-current liabilities. In contrast, current liabilities changed only slightly. On one hand there is a reduction in current provisions of €9.2 million because of the bonus payments made in March 2019. Other liabilities also decreased due to the settlement payment to the acquirer of the AS business of €10.6 million. This development was offset by an increase in trade payables of €5.6 million and by €13.6 million higher current liabilities recognized for the first time in accordance with IFRS 16 lease accounting.

Working Capital

€ million	30. Jun. 19	31. Dec. 18	Change
Inventories	320.4	310.4	3.2%
Trade accounts receivable and contract assets	240.4	216.8	10.9%
Trade payables	–113.7	–108.1	–5.2%
Working Capital	**447.1**	**419.1**	**6.7%**

Working capital increased by almost 7% to €447.1 million as of June 30, 2019, in line with the increase in sales revenue. The nominal increase was mainly due to the increase in trade receivables and contract assets under IFRS 15 of €23.6 million, resulting from the increased business volume in the reporting segment GMS. Assigned receivables to a financial institution from a factoring agreement in the amount of €18.1 million have limited the increase in trade receivables. In addition, the

€10.0 million increase in inventories also contributed to the increase in net working capital in the first half of 2019.

Changes in equity

As of June 30, 2019, equity attributable to the shareholders of the parent company decreased to €506.2 million (December 31, 2018: €531.6 million). The reduction is mainly attributable to the lower pension discount rate environment in Germany and the USA resulting in an adjustment of minus €38.2 million to equity, without impact on earnings. An increase in equity results from the positive net result of €10.1 million and from positive foreign currency changes of €2.3 million. Overall, the equity ratio as of June 30, 2019 decreased to 28.4% compared to 33.5% as of December 31, 2018, because of the negative impacts from the pension discount rate changes and especially due to the temporary increase in total assets. Adjusted for the full repayment of the convertible bond 2015/2020 completed subsequent to the balance sheet date with the cash deposited in the escrow account and the resulting reduction in total assets, the pro forma equity ratio as of June 30, 2019 was 31.5%.

Net financial debt

€ million	30. Jun. 19	31. Dec. 18	Change
Carrying amount of current and non-current financial liabilities	565.7	398.8	41.9%
Remaining imputed interest for the convertible bonds	17.5	20.8	−15.9%
Accrued refinancing cost	10.5	4.2	>100%
Total financial debt (nominal amount)	**593.7**	**423.8**	**40.1%**
Liquidity - continuing operations	144.0	180.6	−20.3%
Liquidity - Assets held for sale	-	1.0	−100.0%
Total liquidity (continuing and discontinued)	**144.0**	**181.6**	**−20.7%**
Restricted liquidity [1]	**176.8**	-	
Net financial debt - continuing and discontinued operations	**272.9**	**242.2**	**12.7%**
thereof: SGL Composites (formerly SGL ACF)			
Non-current financial liabilities	0.0	86.4	−100.0%

[1] Amount related to the pre-financing of the convertible bond and deposited into an escrow account for the benefit of the holders of the convertible bond 2020. The amount represents principal and interest up to the final maturity of the convertible bond 2020. Accordingly, the amount is disclosed as other long term financial liabilities according to the original estimated maturity of more than 12 months

The financial debt mainly includes both convertible bonds, the new corporate bond, the netted amounts of the remaining imputed interest components as well as the refinancing costs. The financial debt of SGL Composites due to the BMW Group were repaid in full as of June 30, 2019.

As of June 30, 2019, net financial debt increased by €30.7 million to €272.9 million. This development is primarily attributable to a payment made in the first quarter 2019 of €10.6 million relating to a settlement with the purchaser of the Aerostructures business, within the scope of discontinued operations, the negative free cash flow from continuing operations of minus €9.2 million and the costs incurred for the issuance of the corporate bond.

Free Cashflow

		1st Half Year
€ million	2019	2018
Cash flow from operating activities		
Result from continuing operations before income taxes	14.8	57.3
Restructuring expenses	-	−1.9
Income from business combination achieved in stages	-	−28.1
Depreciation/amortization expense	40.8	36.5
Changes in working capital	−22.7	−33.5
Miscellaneous items	−17.5	−38.1
Cash flow from operating activities - continuing operations	**15.4**	**−7.8**
Cash flow from investing activities		
Payments to purchase intangible assets and property, plant & equipment	−33.6	−21.9
Proceeds from the sale of intangible assets and property, plant & equipment	2.4	4.4
Payments for the acquisition of subsidiaries, net of cash acquired	-	−23.1
Dividend payments from investments accounted for At-Equity	6.0	6.0
Payments received for divestitures	0.6	3.4
Cash flow from investing activities - continuing operations	−24.6	−31.2
Cash flow from investing activities - discontinued operations	**−9.9**	**62.6**
Cash flow from investing activities - continuing and discontinued operations	−34.5	31.4
Free cash flow [1] - continuing operations	**−9.2**	**−39.0**
Free cash flow [1] - discontinued operations	*−9.9*	*62.6*

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

Cash flow from operating activities in the first half 2019 improved significantly by €23.2 million to €15.4 million, mainly due to the reduced increase in working capital. The miscellaneous items improved substantially, because the prior year result included a higher non-cash effect from IFRS 15. Cash flow from investing activities improved from minus €31.2 million in the prior year period to minus €24.6 million, mainly because the prior year period included the net cash payment for the acquisition of the SGL Composites company in Wackersdorf (Germany) amounting to €23.1 million. The prior year period also included the net proceeds from the sale of SGL Kümpers amounting to €3.4 million and from a land sale in Lachute (Canada) in the amount of €3.9 million, whereas the reporting period and the prior year period included a dividend from our joint venture with Brembo amounting to €6.0 million. Capital expenditures in intangible assets and property plant and equipment in the reporting period increased significantly by 53% to €33.6 million (H1/2018: €21.9 million).

As a result, free cash flow from continuing operations in the reporting period improved significantly to minus €9.2 million compared to the prior year period (H1/2018: minus €39.0 million).

Free cash flow from discontinued operations decreased significantly to minus €9.9 million in the reporting period (H1/2018: €62.6 million). The amount in the reporting period mainly includes the payment for the final settlement regarding the sale of the Aerostructures business to Avcorp. The prior year period included the proceeds from the remaining purchase price from the sale of the former business unit PP amounting to €62.6 million.

Employees

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

Headcount	30. Jun. 19	31. Dec. 18	Change
Composites - Fibers & Materials	1,699	1,722	–1.3%
Graphite Materials & Systems	3,084	3,008	2.5%
Corporate	311	301	3.3%
Total SGL Carbon	**5,094**	**5,031**	**1.3%**

Headcount	30. Jun. 19	31. Dec. 18	Change
Germany	2,324	2,271	2.3%
Europe excluding Germany	1,457	1,448	0.6%
North America	831	824	0.8%
Asia	482	488	–1.2%
Total SGL Carbon	**5,094**	**5,031**	**1.3%**

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, 2018. Opportunities and risks have changed from the statements made in the annual report as follows.

The future development of the global economy continues to be characterized by high risks. The IMF still expects the global economy to cool down. A major risk for the European economy is the Brexit, which has been postponed until October 31, 2019 at the latest. The change of government in the United Kingdom increased the risk of a so-called "hard" Brexit.

In the Composites - Fibers & Materials (CFM) reporting segment, opportunities and risks depend in particular on the development of sales volumes. Especially the business in the Textile Fibers market segment is increasingly affected by short-term price and volume fluctuations, which have already negatively impacted the first quarter 2019. Additional impacts cannot be ruled out in the further course of the year. Overall, the risk of achieving the CFM full year forecast has risen after the rather weak first half year. Therefore, we have implemented comprehensive measures to improve results especially in the market segment Textile Fibers, which should begin to support earnings already this year.

In the Graphite Materials & Systems (GMS) reporting segment the development of prices and volumes for the current financial year is now characterized by a low opportunity and risk profile, in particular because the planned price increases were successfully implemented. However, uncertainties regarding sales volumes in the subsequent year increased in individual market segments due to the overall economic development. We also classify the risks from dependency on a few customers in the field of battery production as higher, but still see high potential in the medium term through the further development of our materials and customer base.

The €250 million corporate bond successfully placed in April 2019 confirms the company's assessment that risks from its financial position can be regarded as low.

In summary, we currently do not see any substantial risks that have an impact on SGL Carbon as a whole. On the basis of the information currently available, it is our opinion that no individual material risks exist – neither presently nor in the foreseeable future – that could jeopardize the business as a going concern. Even if the individual risks are viewed on an aggregate basis, they do not threaten SGL Carbon as a going concern.

Outlook

We fully confirm the outlook as presented in the Annual Report 2018. The following statements summarize the detailed report in the Annual Report 2018.

Financial targets for the reporting segments

	KPI	Actuals 2018	Outlook 2019
CFM	Sales revenue	422.5	Mid-single digit percentage increase [1]
	EBIT [1]	20.8	Close to prior year level
GMS	Sales revenue	589.9	Close to prior year level
	EBIT [1]	76.0	Close to prior year level
Corporate	EBIT [1]	–32.2	Close to prior year level

[1] before non-recurring items

Reporting segment Composites – Fibers & Materials (CFM)

As described in the interim report on the first quarter 2019, the initial quarter was the weakest quarter of this year. We were already able to improve earnings in the second quarter, albeit not in a meaningful magnitude. Nevertheless, we adhere to our previous guidance, even though the market segment Industrial Applications is developing weaker than expected and the subdued first half increases risks to achieving the full year target. We have therefore implemented comprehensive measures to improve results especially in the market segment Textile Fibers, which should begin to support earnings already this year.

We continue to expect a mid-single digit percentage sales growth, mainly driven by higher volume growth. Recurring EBIT in this business unit should approximately reach the prior year level, as we anticipate higher project billings (market segment Aerospace) and an improved product mix (market segment Automotive) in the second half year. In addition, the second half year should benefit from the implemented measures to improve earnings.

Reporting segment Graphite Materials & Systems (GMS)

In the prior year, sales in the reporting segment GMS was substantially positively impacted by the initial adoption of IFRS 15. Against this background, for the fiscal year 2019, we continue to anticipate sales approximately on the same high level of the prior year. The same applies to the EBIT in the business unit GMS, which was also boosted by positive IFRS 15 effects. Despite the strong first half, we expect full year 2019 EBIT approximately on the same level as in the prior year, as we are planning somewhat lower volumes as well as reducing inventory levels, which will lead to a lower fixed costs absorption but improve free cash flow,

GMS should therefore once again exceed the target EBIT margin of 12% (before non-recurring items) and thus confirm that this business model is robust even in a weakening global economic environment.

Reporting segment Corporate

EBIT in the reporting segment Corporate in the fiscal year 2019 should be close to the prior year level, which was positively impacted by a one-time gain from a land sale amounting to approximately €4 million.

Group

Group financial targets

€m	Actuals 2018	Outlook 2019
Sales revenue	1,047.5	Mid-single digit percentage increase
EBIT [1]	64.6	Close to prior year level
Return on capital employed (ROCE $_{EBIT}$) [1]	5.4%	Close to prior year level
Consolidated net result - continuing operations	50.3	Balanced result

[1] before non-recurring items

The fiscal year 2018 was impacted by positive effects from the initial adoption of IFRS 15 as well as positive non-recurring items resulting from the full consolidation of the former SGL

ACF. This high comparative base influences the outlook for the current year. In addition, we acknowledge reports on a global economic slowdown. Nevertheless, we continue to anticipate a mid-single digit percentage Group sales increase for 2019, which will mainly be volume driven. Group EBIT (before non-recurring items and purchase price allocation) is expected to stabilize on the prior year level, which recorded a substantial increase.

After a consolidated net profit of approximately €41 million in the fiscal year 2018, we expect a break even consolidated net result in the fiscal year 2019. It should, however, be noted, that the previous year benefited from a non-cash positive non-recurring item in the amount of €28 million relating to the full consolidation of SGL ACF. In addition, we plan increased expenses in the financial result mainly from one-time effects in conjunction with the early repayment of the convertible bond 2015/2020 and the issue of the corporate bond in April 2019 to refinance maturities due at the end of 2020. With this bond and the €175 million syndicated loan signed in January 2019, we have completed our refinancing measures and are financed until 2023 with respect to existing financial liabilities.

For fiscal year 2019, we continue to expect capital expenditures of approximately €100 million after €78 million in the prior year.

Net financial debt at year-end 2019 is anticipated to be a mid double digit million € amount higher than at year end 2018 mainly due to higher capital expenditures as well as increasing interest expenses. We will, however, remain within our target leverage ratio (ratio of net financial debt to EBITDA) of below 2.5. As previously announced, the target gearing level of approximately 0.5 could temporarily be exceeded due to additional capital expenditures in the years 2019 through to 2021.

Wiesbaden, August 6, 2019

SGL Carbon SE

The Board of Management

Condensed Consolidated Financial Statements

(unaudited)

Consolidated Income Statement

€ million	2nd Quarter 2019	2nd Quarter 2018	2nd Quarter Change	1st Half Year 2019	1st Half Year 2018	1st Half Year Change
Sales revenue	**272.7**	**265.9**	**2.6%**	**561.5**	**529.3**	**6.1%**
Cost of sales	−212.3	−206.2	−3.0%	−441.4	−416.2	−6.1%
Gross profit	**60.4**	**59.7**	**1.2%**	**120.1**	**113.1**	**6.2%**
Selling expenses	−26.9	−25.1	−7.2%	−53.6	−49.8	−7.6%
Research and development costs	−7.7	−8.7	11.5%	−17.5	−16.3	−7.4%
General and administrative expenses	−11.6	−12.8	9.4%	−23.8	−25.2	5.6%
Other operating income	3.5	6.2	−43.5%	6.8	41.4	−83.6%
Other operating expenses	−3.0	−1.9	−57.9%	−4.8	−2.7	−77.8%
Result from investments accounted for At-Equity	2.7	4.5	−40.0%	6.3	8.6	−26.7%
Restructuring expenses	−0.2	1.9	>−100%	0.0	1.9	100.0%
Operating profit	**17.2**	**23.8**	**−27.7%**	**33.5**	**71.0**	**−52.8%**
Interest income	0.5	0.1	>100%	1.1	0.5	>100%
Interest expense	−10.9	−6.2	−75.8%	−18.6	−13.3	−39.8%
Other financing result	−2.1	−0.6	>−100%	−1.2	−0.9	−33.3%
Result from continuing operations before income taxes	**4.7**	**17.1**	**−72.5%**	**14.8**	**57.3**	**−74.2%**
Income tax expense	−3.2	−1.9	−68.4%	−4.3	−5.7	24.6%
Result from continuing operations	**1.5**	**15.2**	**−90.1%**	**10.5**	**51.6**	**−79.7%**
Result from discontinued operations, net of income taxes	−0.1	0.2	>−100%	−0.1	−4.0	97.5%
Net result for the period	**1.4**	**15.4**	**−90.9%**	**10.4**	**47.6**	**−78.2%**
Thereof attributable to:						
Non-controlling interests	0.2	0.3	33.3%	0.3	0.3	0.0%
Consolidated net result (attributable to shareholders of the parent company)	1.2	15.1	−92.1%	10.1	47.3	−78.6%
Earnings per share, basic and diluted, (in€)	0.01	0.13	−92.3%	0.08	0.39	−79.5%
Earnings per share - continuing operations, basic (in€)	0.01	0.12	−91.7%	0.08	0.42	−81.0%

Consolidated Statement of Comprehensive Income

€ million	2nd Quarter 2019	2nd Quarter 2018	1st Half Year 2019	1st Half Year 2018
Net result for the period	**1.4**	**15.4**	**10.4**	**47.6**
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges [1]	0.2	–1.0	0.3	–1.6
Currency translation	–7.8	5.1	2.2	0.7
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses on pensions and similar obligations [2]	–21.9	10.7	–38.2	10.8
Other comprehensive income	**–29.5**	**14.8**	**–35.7**	**9.9**
Comprehensive income	**–28.1**	**30.2**	**–25.3**	**57.5**
Thereof attributable to:				
Non-controlling interests	0.1	0.2	0.2	0.3
Consolidated net result (attributable to shareholders of the parent company)	–28.2	30.0	–25.5	57.2

[1] Includes tax effects of €0.0 million and €0.5 million in the first half year of 2019 and 2018, respectively
[2] Includes tax effects of €0.0 million and €0.1 million in the first half year of 2019 and 2018, respectively

Consolidated Balance Sheet

ASSETS €m	30. Jun. 19	31. Dec. 18	Change
Non-current assets			
Goodwill	41.4	41.3	0.2%
Other intangible assets	51.4	56.5	–9.0%
Property, plant and equipment	712.0	675.5	5.4%
Investments accounted for At-Equity	52.8	52.3	1.0%
Other financial assets	176.8	-	-
Other non-currents assets	4.9	4.3	14.0%
Deferred tax assets	9.6	11.3	–15.0%
	1,048.9	**841.2**	**24.7%**
Current assets			
Inventories	320.4	310.4	3.2%
Trade receivables and contract assets	240.4	216.8	10.9%
Other financial assets	1.0	3.0	–66.7%
Other receivables and other assets	29.7	31.4	–5.4%
Liquidity	144.0	180.6	–20.3%
Time deposits	*0.0*	*58.1*	-
Cash and cash equivalents	*144.0*	*122.5*	*17.6%*
	735.5	**742.2**	**–0.9%**
Assets held for sale	**0.3**	**1.7**	**–82.4%**
Total assets	**1,784.7**	**1,585.1**	**12.6%**

EQUITY AND LIABILITIES €m	30. Jun. 19	31. Dec. 18	Change
Equity			
Issued capital	313.2	313.2	0.0%
Capital reserves	1,046.6	1,046.6	0.0%
Accumulated losses	−853.6	−828.2	−3.1%
Equity attributable to the shareholders of the parent company	**506.2**	**531.6**	**−4.8%**
Non-controlling interests	10.0	10.7	−6.5%
Total equity	**516.2**	**542.3**	**−4.8%**
Non-current liabilities			
Provisions for pensions and similar employee benefits	331.7	293.2	13.1%
Other provisions	36.2	36.3	−0.3%
Interest-bearing loans	563.0	396.5	42.0%
Other financial liabilities	87.9	67.9	29.5%
Deferred tax liabilities	3.9	4.1	−4.9%
	1,022.7	**798.0**	**28.2%**
Current liabilities			
Other provisions	83.4	91.1	−8.5%
Current portion of interest-bearing loans	2.7	2.2	22.7%
Trade payables	113.7	108.1	5.2%
Other financial liabilities	22.9	18.8	21.8%
Other liabilities	23.1	24.1	−4.1%
	245.8	**244.3**	**0.6%**
Liabilities in connection with assets held for sale	**-**	**0.5**	**-**
Total equity and liabilities	**1,784.7**	**1,585.1**	**12.6%**

Consolidated Cash Flow Statement

€ million	1st Half Year 2019	2018
Cash flow from operating activities		
Result from continuing operations before income taxes	14.8	57.3
Adjustments to reconcile the result from continuing operations to cash flow from operating activities:		
Interest expense (net)	17.5	12.8
Change in value of contract assets (IFRS 15)	−3.5	−11.1
Result from the disposal of property, plant and equipment	0.0	−4.1
Depreciation/amortization expense	40.8	36.5
Income from business combination achieved in stages	-	−28.1
Restructuring expenses	-	−1.9
Result from investments accounted for At-Equity	−6.3	−8.6
Amortization of refinancing costs	1.1	0.8
Interest received	1.5	0.5
Interest paid	−8.4	−8.9
Income taxes paid	−1.7	−1.4
Changes in provisions, net	−12.1	−14.0
Changes in working capital		
Inventories	−14.5	−22.2
Trade receivables and contract assets	−13.7	−13.9
Trade payables	5.5	2.6
Changes in other operating assets/liabilities	−5.6	−4.1
Cash flow from operating activities - continuing operations	**15.4**	**−7.8**
Cash flow from operating activities - discontinued operations	0.0	0.0
Cash flow from operating activities - continuing and discontinued operations	**15.4**	**−7.8**

€ million	1st Half Year 2019	2018
Cash flow from investing activities		
Payments to purchase intangible assets and property, plant & equipment	−33.6	−21.9
Proceeds from the sale of intangible assets and property, plant & equipment	2.4	4.4
Dividend payments from investments accounted for At-Equity	6.0	6.0
Payments for the acquisition of subsidiaries, net of cash acquired	-	−23.1
Payments received for divestitures	0.6	3.4
Cash flow from investing activities - continuing operations	**−24.6**	**−31.2**
Changes in time deposits	58.1	−4.0
Change in restricted liquidity	−176.8	-
Cash flow from investing and cash management activities - continuing operations	**−143.3**	**−35.2**
Cash flow from investing activities and cash management activities - discontinued operations	−9.9	62.6
Cash flow from investing activities and cash management activities - continuing and discontinued operations	**−153.2**	**27.4**
Cash flow from financing activities		
Proceeds from issuance of financial liabilities	257.4	0.3
Repayment of financial liabilities	−88.6	−248.3
Payments in connection with financing activities	−5.1	-
Payments for the redemption portion of lease liabilities	−4.2	-
Other financing activities	−0.3	−0.7
Cash flow from financing activities - continuing operations	**159.2**	**−248.7**
Cash flow from financing activities - continuing and discontinued operations	**159.2**	**−248.7**
Effect of foreign exchange rate changes	0.1	0.2
Net change in cash and cash equivalents	**21.5**	**−228.9**
Cash and cash equivalents at beginning of period	122.5	382.9
Cash and cash equivalents at end of period	144.0	154.0
Time deposits at end of period	0.0	4.0
Liquidity	**144.0**	**158.0**

Condensed Consolidated Statement of Changes in Equity

	1st Half Year 19		
€ million	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
Balance at December 31	**531.6**	**10.7**	**542.3**
Cumulative adjustment on initial application of IFRS 16	0.1		0.1
Balance at January 1	**531.7**	**10.7**	**542.4**
Dividends	**0.0**	**−0.3**	**−0.3**
Net result for the period	10.1	0.3	10.4
Other comprehensive income	−35.6	−0.1	−35.7
Comprehensive income	**−25.5**	**0.2**	**−25.3**
Other changes in equity		−0.6	−0.6
Balance at June 30	**506.2**	**10.0**	**516.2**

	1st Half Year 18		
€ million	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
Balance at December 31	**457.0**	**11.3**	**468.3**
Cumulative adjustment on initial application of IFRS 15 and IFRS 9 (net of income taxes)	13.8		13.8
Balance at January 1	**470.8**	**11.3**	**482.1**
Dividends	**0.0**	**−0.7**	**−0.7**
Net result for the period	47.3	0.3	47.6
Other comprehensive income	9.9		9.9
Comprehensive income	**57.2**	**0.3**	**57.5**
Balance at June 30	**528.0**	**10.9**	**538.9**

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 Carbon) is a global manufacturer of products and solutions based on carbon fibers and specialty graphites.

Basis of preparation

The condensed consolidated interim financial statements of SGL Carbon have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting (IAS 34) 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 Carbon Consolidated Financial Statements as of December 31, 2018. The condensed consolidated interim financial statements as of June 30, 2019, apply the same accounting principles and practices as well as the same estimates and assumptions as those used in the 2018 annual financial statements, except for the adoption of the new standard IFRS 16 Leases effective as of January 1, 2019.

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 Company.

The condensed consolidated interim financial statements were authorized by the Board of Management on August 6, 2019. The condensed consolidated interim financial statements and interim group management report have not been audited, neither have they been subject to an auditor's review.

New accounting pronouncements with mandatory adoption as of January 1, 2019

IFRS 16 Leases

IFRS 16 provides that in general, all leases and the associated contractual rights and duties must be reflected in the lessee's balance sheet, unless the term does not exceed 12 months or it constitutes a low-value asset. The classification required under IAS 17 into operating or finance leases therefore does not apply to the lessee. As for leases, the lessee recognizes a liability for lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which in principle is equivalent to the present value of the future lease payments plus directly attributable costs and is amortized over the useful life.

SGL Carbon has applied IFRS 16 for the first time as of January 1, 2019, using the modified retrospective approach, i.e. the previous' year figures are not restated. The cumulative effects from the first-time application are recorded in retained earnings as of January 1, 2019.

First-time application within SGL Carbon to date has affected leases that previously had been classified as operating leases. Short-term leases with a term not exceeding 12 months (and no purchase option) as well as leases where the underlying asset is of minor value, were not accounted for according to the option under IFRS 16.5 and not under IFRS 16. In addition, SGL Carbon is using the option under IFRS 16.15 and recognizes all lease and non-lease components according to IFRS 16.

For the first-time application of IFRS 16 on operating leases, the right to use the leased asset was in principle valued at the amount of the lease liability, using the interest rate at the time of the first-time application. The average interest rate as of January 1, 2019 was approx. 3.4%. For the valuation of the right of use at the time of first-time application, the initial direct costs were not taken into account. The following categories of leases were identified, where as a consequence of the change to IFRS 16 as of January 1, 2019, contracts that previously had been recognized as operating leases, now qualify as leases within the meaning of the new standard: buildings, plant and machinery and office equipment. The first-time application resulted in recording usage rights in the amount of €36.7 million and lease liabilities in the amount of €36.6 million in the Consolidated Balance Sheet as of and for the period ended January 1, 2019; the difference in the amount €0.1 million between the two balance sheet items relates to a liability in a lease contract that was already recognized prior to the implementation of IFRS 16.

The off-balance sheet obligations as of December 31, 2018 are reconciled as follows to the recognized lease liabilities as of January 1, 2019:

€ million	Jan 1, 19
Transition lease liabilities	
Off-balance sheet lease obligations as of December 31, 2018	44.2
Relief option for short-term leases	−0.5
Relief option for low value asset leases	−0.7
Operating lease obligations as of January 1, 2019 (gross, without discounting)	**43.0**
Operating lease obligations as of January 1, 2019 (net, discounted)	**36.6**
Present value of finance lease liabilities at January 1, 2019	16.9
Total lease liabilities as of January 1, 2019	**53.5**

The quantitative impact of the first-time application of IFRS 16 on the consolidated balance sheet as of December 31, 2018 or January 1, 2019 is shown in the following table:

€ million	Dec. 31, 18	IFRS 16 adjust-ments	Netting	Jan 1, 19
Assets				
Property, plant and equipment	675.5	36.7		712.2
Deferred tax assets	11.3	10.3	−10.3	11.3
Liabilities				
Other financial liabilities	86.7	36.6		123.3
thereof: non-current liabilities	*67.9*	*27.3*		*95.2*
thereof: current liabilities	*18.8*	*9.3*		*28.1*
Deferred tax liabilities	4.1	10.3	−10.3	4.1
Equity				
Accumulated losses	−828.2	0.1		−828.1
Equity ratio	33.5%			32.8%

The impact of the application of the new IFRS 16 on the consolidated interim income statement as of June 30, 2019 is illustrated below:

€ million	Amounts without adoption of IFRS 16	IFRS 16 adjustments	As reported
	1st Half Year		
Cost of sales	–442.0	0.6	–441.4
thereof: depreciation and amortization	*–31.1*	*–4.2*	*–35.3*
Earnings before interest, taxes, depreciation and amortization (EBITDA) before non-recurring items	68.3	4.8	73.1
Net financing result	–18.1	–0.6	–18.7
Income tax expense	–4.3	0.0	–4.3
Net result for the period	**10.4**	**0.0**	**10.4**
Other comprehensive income	**–35.7**	**0.0**	**–35.7**

IFRS 16 also affects the structure of the cash flow statement of SGL Carbon: Cash flow from operating activities and free cash flow increased by €4.2 million and cash flow from financing activities decreased by €4.2 million.

Other disclosures

Provisions for pensions and similar employee benefits
During the reporting period, SGL Carbon adjusted the pension discount rate in Germany and the US by 0.70%-points, each, as a consequence of decreased long-term interest rate levels. As of June 30, 2019, the discount rates are 1.20% in Germany (Dec 31, 2018: 1.90%) and 3.50% in USA (Dec 31, 2018: 4.20%). The discount rate adjustment resulted in actuarial losses of €38.2 million (without tax effect) which have been included in other comprehensive income, thereby decreasing equity by €38.2 million.

Investments accounted for At-Equity
The main joint venture accounted for At-Equity is Brembo SGL Carbon Ceramic Brakes S.p.A (Ceramic Brake Discs), Stezzano, Italy (BSCCB), which is operated together with Brembo and produces and further develops carbon ceramic brake discs. The share of SGL Carbon in the net assets and the share in the net result of the period are allocated to the segment CFM. The table below provides the result of operations and the financial position of BSCCB, as reported in its financial statements (taking into account IFRS 15 effects).

€ million	1st Half Year 2019	2018
Ownership interest	50%	50%
Income statement		
Sales revenue (100%)	84.7	94.2
Operating profit	16.7	23.6
Net financing result	–0.2	0.0
Net result for the period (100%)	11.8	16.8
Share of SGL Carbon in the net result for the period (50%)	5.9	8.4
Balance Sheet	**30. Jun. 19**	**31. Dec. 18**
Non-current assets	68.7	49.6
Current assets	67.9	71.3
Thereof cash and cash equivalents	*13.4*	*12.5*
Non-current liabilities	26.1	8.7
Thereof financial liabilities	*16.3*	*0.0*
Current liabilities	32.7	34.1
Thereof financial liabilities	*2.0*	*1.0*
Net assets (100%)	**77.8**	**78.1**
Share of SGL Carbon in the net assets (50%)	38.9	39.1
Goodwill/customer base	3.6	3.6
Carrying amount of material joint ventures	**42.5**	**42.7**

The increase of non-current assets and non-current liabilities compared to December 31, 2018 is due to the adoption of IFRS 16.

The carrying amount of remaining investments accounted for At-Equity was €10.3 million (Dec. 31, 2018: €9.6 million) and their contribution to the result from investments accounted for At-Equity during the first half of 2019 was €0.4 million (H1/2018: €0.2million).

Additional disclosures on financial instruments

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

€ million	Measurement category under IFRS 9	Carrying amount at Jun. 30, 19	Carrying amount at Dec. 31, 18
Financial assets			
Cash and cash equivalents	1)	144.0	122.5
Time deposits	1)	0.0	58.1
Trade receivables and contract assets	1)	240.4	216.8
Marketable securities and similar investments	2)	4.6	4.0
Other financial assets	1)	177.8	3.0
Derivative financial assets: Derivatives without a hedging relationship	3)	1.4	0.0
Derivative financial assets: Derivatives with a hedging relationship	n.a.	0.2	0.0
Financial liabilities			
Corporate bond	4)	250.0	0.0
Convertible bonds	4)	308.8	305.5
Bank loans, overdrafts and other financial liabilities	4)	17.4	97.4
Refinancing costs	4)	−10.5	−4.2
Finance lease liabilities	n.a.	49.7	16.9
Trade payables	4)	113.7	108.1
Miscellaneous other financial liabilities	4)	60.0	68.9
Derivative financial liabilities: Derivatives without a hedging relationship	5)	0.7	0.2
Derivative financial liabilities: Derivatives with hedging relationship	n.a.	0.5	0.7
Thereof aggregated by measurement category in accordance with IFRS 9			
1) Financial assets measured at amortized costs		562.2	400.4
2) Financial assets measured at fair value through profit and loss		4.6	4.0
3) Other financial assets measured at fair value through profit and loss		1.4	0.0
4) Financial liabilities measured at amortized costs		739.4	575.7
5) Financial liabilities measured at fair value through profit and loss		0.7	0.2

Other financial assets include a long-term amount of €176.8 million related to the prefinancing of the convertible bond and deposited into an escrow account for the benefit of the holders of the convertible bond 2020 (restricted liquidity). The amount represents principal and interest up to the final maturity of the convertible bond 2020. Accordingly, the amount is disclosed as other long-term financial liability.

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:

	30. Jun. 19			
€ million	Level1	Level2	Level3	Total
Marketable securities and similar investments	4.6			4.6
Derivative financial assets		0.2	1.4	1.6
Derivative financial liabilities		1.2		1.2

€ million	31. Dec. 18 Level1	Level2	Level3	Total
Marketable securities and similar investments	4.0	-	-	4.0
Derivative financial assets	-	0.0	-	0.0
Derivative financial liabilities	-	0.9	-	0.9

The five and a half-year fixed-rate corporate bond issued by SGL Carbon SE in December 2013 has a principal amount of €250.0 million and was issued in a denomination of €100,000 each. The corporate bond has a coupon of 4.625% p.a., payable semi-annually. The issue price was 100% of the principal amount. In case of a change in ownership of the Company, the investors are entitled to early redeem their corporate bonds and to demand repayment at a price of 101% of the principal amount plus accrued interest. The terms of the corporate bond also include normal market provisions with regard to financial covenants and financial restrictions. The corporate bond is admitted to trading in the Open Market of the Frankfurt Stock Exchange. As of June 30, 2019, the market value of the exchange listed corporate bond was €260.3 million (conforms to level 1 of the fair value hierarchy of IFRS 13).

The fair market value of the convertible bond 2015/2020 as of June 30, 2019, was €171.7 million (December 31, 2018: €165.2 million) and for the convertible bond 2018/2023 €156.1 million (December 31, 2018: €140.1 million). As the fair value is derived from quoted prices in active markets, these financial instruments are allocated to Level 1.

Receivables management

Factoring agreements concluded in the reporting period reduced the carrying amount of receivables. The volume of sales of receivables on the balance sheet date was €18.1 million (31. December 2018: €0.0 million).

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, 2018 at €313.2 million as of June 30, 2019, and is divided into 122,341,478 no-par value ordinary bearer shares at €2.56 per share. During the first half year 2019, no new shares were issued from the authorized capital. As of June 30, 2019, there were 1,705,192 Stock Appreciation Rights (SARs) outstanding. SGL Carbon SE held a total of 70,501 of its own shares (treasury shares) as of June 30, 2019. Based on an average number of 122.3 million shares, basic earnings per share amounted to €0.08 (H1/2018: €0.39).

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 there is a mathematical dilutive effect during the reporting period concerned. Accordingly, EPS diluted is unchanged and amounts to €0.08 (H1/2018: €0.39). EPS diluted (continuing operations) amounts to €0.08 (H1/2018: €0.42).

Segment information

€ million	CFM	GMS	Corporate	Consolidation adjustments	SGL Carbon
1st Half Year 2019					
External sales revenue	219.4	321.0	21.1	0.0	561.5
Intersegment sales revenue	1.9	0.1	16.4	–18.4	0.0
Total sales revenue	**221.3**	**321.1**	**37.5**	**–18.4**	**561.5**
Timing of revenue recognition					
Products transferred at point in time	217.4	314.3	21.1	0.0	552.8
Products and services transferred over time	2.0	6.7			8.7
Total sales revenue	219.4	321.0	21.1	0.0	561.5
Sales revenue by customer industry					
Mobility	121.4	29.8	3.9	0.0	155.1
Energy	16.0	76.9	4.8	0.0	97.7
Industrial Applications	32.0	96.1	12.4	0.0	140.5
Chemicals	-	73.6	-	0.0	73.6
Digitization	-	44.6	-	0.0	44.6
Textile Fibers	50.0	-	-	0.0	50.0
Total sales revenue	219.4	321.0	21.1	0.0	561.5
Operating profit (EBIT) before non-recurring items (recurring EBIT)	2.8	48.5	–13.5	0.0	37.8
Non-recurring items [1]	–4.3	0.0	0.0	0.0	–4.3
Operating profit/loss (EBIT)	–1.5	48.5	–13.5	0.0	33.5
Capital expenditures [2]	11.1	15.9	6.6	0.0	33.6
Earnings before interest, taxes, depreciation and amortization (EBITDA) before non-recurring items	19.9	61.6	–8.4	0.0	73.1
Amortization/depreciation on intangible assets and property, plant and equipment before non-recurring items	17.1	13.1	5.1	0.0	35.3
Share in the net result of investments accounted for At-Equity	6.3	-	-	-	6.3
Working Capital [3]	172.3	293.4	–18.6	0.0	447.1
Capital employed [4]	661.6	535.4	107.5	0.0	1,304.5

€ million	CFM	GMS	Corporate	Consolidation adjustments	SGL Carbon
1st Half Year 2018 - continuing operations					
External sales revenue	223.7	288.0	17.6	0.0	529.3
Intersegment sales revenue	2.5	0.0	13.7	−16.2	0.0
Total sales revenue	**226.2**	**288.0**	**31.3**	**−16.2**	**529.3**
Timing of revenue recognition					
Products transferred at point in time	222.0	271.4	17.6	0.0	511.0
Products and services transferred over time	1.7	16.6			18.3
Total sales revenue	**223.7**	**288.0**	**17.6**	**0.0**	**529.3**
Sales revenue by customer industry					
Mobility	126.7	22.3	5.5	0.0	154.5
Energy	4.5	82.5	1.1	0.0	88.1
Industrial Applications	41.7	87.7	11.0	0.0	140.4
Chemicals	-	66.8	-	0.0	66.8
Digitization	-	28.7	-	0.0	28.7
Textile Fibers	50.8	-	-	0.0	50.8
Total sales revenue	**223.7**	**288.0**	**17.6**	**0.0**	**529.3**
Operating profit (EBIT) before non-recurring items (recurring EBIT)	17.3	40.0	−13.1		44.2
Non-recurring items [1]	23.3	0.4	3.1		26.8
Operating profit/loss (EBIT) after non-recurring items	40.6	40.4	−10.0	0.0	71.0
Capital expenditures [2]	4.8	15.5	1.6	0.0	21.9
Earnings before interest, taxes, depreciation and amortization (EBITDA) before non-recurring items	33.7	51.4	−10.1	0.0	75.0
Amortization/depreciation on intangible assets and property, plant and equipment	16.4	11.4	3.0	0.0	30.8
Share in the net result of investments accounted for At-Equity	8.6	-	-	-	8.6
Working Capital (31.12.) [3]	158.5	262.9	−2.3	0.0	419.1
Capital employed (31.12.) [4]	640.4	498.2	95.9	0.0	1,234.5

[1] Non-recurring items comprise the carryforward of hidden reserves realized as part of the purchase price allocation of the SGL-ACF and Benteler SGL totalling minus €4.3 million (H1/18: income from business combination achieved in stages (SGL ACF) of €28.4 million, income from the release of restructuring provisions of €1.9 million and the carrying forward of the purchase price allocation SGL ACF and Benteler of minus €3.5 million)
[2] Defined as total of capital expenditure in other intangible assets and property, plant and equipment
[3] Defined as sum of inventories, trade receivables and contract assets 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

Sales revenue with one customer of the reporting segment CFM amount to approx. €66.5 million of total SGL Carbon sales revenues (H1/18: €61.1 million).

Subsequent Events

In July 2019, the Company invited the holders of the 2015/2020 Convertible Bond with a principal amount of €167.0 million to tender their bonds for purchase against cash plus interest accrued up to the Company's repayment date. The Company decided to accept tendered bonds with a principal amount of €145.4 million. Repurchase price amounted to 103.5% of the principal amount per bond, corresponding to an amount of €103,500 per bond. After the tendered bonds had been accepted and following the technical settlement of the repurchase offer, less than 20% of the originally issued aggregate principal amount of the 2015/2020 Convertible Bond was outstanding. Accordingly, the conditions for an early redemption of the 2015/2020 Convertible Bond were fulfilled pursuant to its terms and conditions. The Company exercised the early redemption right and therefore redeemed the remaining bonds in a principal amount of €21.6 million plus interest accrued. Therefore, the overall outstanding principal amount of the 2015/2020 Convertible Bond was fully redeemed to the holders, and the bonds were derecognized.

Wiesbaden, August 6, 2019

SGL Carbon SE

The Board of Management of SGL Carbon

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 6, 2019

SGL Carbon SE

The Board of Management

Other information

Sales Revenue and Operating Profit/Loss by Reporting Segment

€ million	1st Half Year 2019	2018	Change
Sales revenue			
Composites - Fibers & Materials	219.4	223.7	–1.9%
Graphite Materials & Systems	321.0	288.0	11.5%
Corporate	21.1	17.6	19.9%
SGL Carbon	**561.5**	**529.3**	**6.1%**

€ million	1st Half Year 2019	2018	Change
EBIT before non-recurring items [1]			
Composites - Fibers & Materials	2.8	17.3	–83.8%
Graphite Materials & Systems	48.5	40.0	21.3%
Corporate	–13.5	–13.1	–3.1%
SGL Carbon	**37.8**	**44.2**	**–14.5%**

[1] Non-recurring items of minus €4.3 million in the first half year 2019 (H1/18: €26.8 million

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

€ million	2018 Q1	Q2	Q3	Q4	Full Year	2019 Q1	Q2	1st Half
Sales revenue								
Composites - Fibers & Materials	115.0	108.7	100.2	98.6	422.5	115.0	104.4	219.4
Graphite Materials & Systems	140.1	147.9	148.8	153.1	589.9	164.2	156.8	321.0
Corporate	8.3	9.3	8.0	9.5	35.1	9.6	11.5	21.1
SGL Carbon	**263.4**	**265.9**	**257.0**	**261.2**	**1,047.5**	**288.8**	**272.7**	**561.5**

€ million	2018 Q1	Q2	Q3	Q4	Full Year	2019 Q1	Q2	1st Half
EBIT before non-recurring items [1]								
Composites - Fibers & Materials	9.3	8.0	3.6	–0.1	20.8	0.4	2.4	2.8
Graphite Materials & Systems	16.8	23.2	19.5	16.5	76.0	25.9	22.6	48.5
Corporate	–5.6	–7.5	–8.1	–11.0	–32.2	–7.6	–5.9	–13.5
SGL Carbon	**20.5**	**23.7**	**15.0**	**5.4**	**64.6**	**18.7**	**19.1**	**37.8**

[1] Non-recurring items of €16.3 million in 2018 and minus €4.3 million in the first half year 2019

Quarterly Consolidated Income Statement

					2018			2019
€ million	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	1st Half
Sales revenue	**263.4**	**265.9**	**257.0**	**261.2**	**1,047.5**	**288.8**	**272.7**	**561.5**
Cost of sales	−210.0	−203.0	−202.4	−212.5	−827.9	−226.5	−210.6	−437.1
Gross profit	**53.4**	**62.9**	**54.6**	**48.7**	**219.6**	**62.3**	**62.1**	**124.4**
Selling, administrative, R&D and other operating income/expense	−37.0	−43.7	−43.7	−47.4	−171.8	−47.2	−45.7	−92.9
Result from investments accounted for At-Equity	4.1	4.5	4.1	4.1	16.8	3.6	2.7	6.3
Operating profit (EBIT) before non-recurring items	**20.5**	**23.7**	**15.0**	**5.4**	**64.6**	**18.7**	**19.1**	**37.8**
Restructuring expenses		1.9	−1.1	−1.7	−0.9	0.2	−0.2	0.0
Reversal of impairment losses/Effects from purchase price allocation	26.7	−1.8	−5.2	−2.5	17.2	−2.6	−1.7	−4.3
Operating profit/loss (EBIT)	**47.2**	**23.8**	**8.7**	**1.2**	**80.9**	**16.3**	**17.2**	**33.5**
Net financing result	−7.0	−6.7	−7.6	−8.3	−29.6	−6.2	−12.5	−18.7
Result from continuing operations before income taxes	**40.2**	**17.1**	**1.1**	**−7.1**	**51.3**	**10.1**	**4.7**	**14.8**
Income tax expense	−3.8	−1.9	−0.7	5.8	−0.6	−1.1	−3.2	−4.3
Result from continuing operations	**36.4**	**15.2**	**0.4**	**−1.3**	**50.7**	**9.0**	**1.5**	**10.5**
Result from discontinued operations, net of income taxes	−4.2	0.2	0.0	−5.0	−9.0	0.0	−0.1	−0.1
Net result for the period	**32.2**	**15.4**	**0.4**	**−6.3**	**41.7**	**9.0**	**1.4**	**10.4**
Thereof attributable to:								
Non-controlling interests	0.0	0.3	0.0	0.1	0.4	0.1	0.2	0.3
Consolidated net result (attributable to shareholders of the parent company)	32.2	15.1	0.4	−6.4	41.3	8.9	1.2	10.1

Financial Calendar 2019

November 5, 2019

- Report on the Nine Months 2019
- Conference call for investors and analysts

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Important Note

This interim report contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to SGL Carbon's outlook and business development, including developments in SGL Carbon'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 Carbon'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 Carbon'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 Carbon's main customer industries, competitive products and pricing, the ability to achieve sustained growth and profitability in SGL Carbon'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 Carbon, 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 Carbon's ability to refinance its indebtedness, development of the SGL Carbon's pension obligations, share price fluctuation may have on SGL Carbon's financial condition and results of operations and other risks identified in SGL Carbon's financial reports. These forward-looking statements are made only as of the date of this document. SGL Carbon does not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

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