



19

Report on the  
first nine months

# Summary

Group sales in 9M/2019 increased 6% compared to the prior year level to €832 million due to organic growth in the market segments Digitization, Energy and Chemicals. Adjusted for the positive one-time effect in the prior year, Group recurring EBIT at €54 million was approximately on the comparable level of the prior year

Development of the reporting segments as described in the ad-hoc notifications of August 14 and October 25, 2019: CFM deteriorated substantially in Q3/2019 compared to the first two quarters of this year due to the weak development in the market segments Textile Fibers, Wind Energy and Industrial Applications. In contrast, GMS in Q3/2019 developed better than previously expected on the very good level of the prior quarter and thus reached a historic record level in 9M/2019

As announced in the ad-hoc notification of August 25, 2019, guidance for recurring EBIT at CFM was revised downwards to a negative mid-to-high single digit million € amount and on the Group level to €45 to €50 million due to the weak developments in the market segments Textile Fibers and Industrial Applications. In addition, an impairment charge in the amount of €75 million was recorded at CFM in Q3/2019

Following CEO Jürgen Köhler's resignation effective August 31, 2019, the Supervisory Board has promptly initiated an external search for a new CEO. Effective October 15, 2019, and until the new CEO assumes his position, Dr. Stephan Bühler has been appointed to the Board of Management responsible for Legal and Compliance and Dr. Michael Majerus, who has been sole executive board member since September 1, 2019, is running the Company as Spokesman of the Board of Management

# Financial highlights

€ million	Nine months		
	2019	2018	Change
Sales revenue	832.4	786.3	5.9%
EBITDA before non-recurring items	107.2	105.7	1.4%
Operating profit (EBIT) before non-recurring items (recurring EBIT)	54.2	59.2	-8.4%
Return on sales (EBIT-margin) <sup>1)</sup>	6.5%	7.5%	-
Return on capital employed (ROCE <sub>EBIT</sub> ) <sup>2)</sup>	4.7%	6.1%	-
Operating loss/profit	-26.8	79.7	>-100%
Result from discontinued operations, net of income taxes	-0.1	-4.0	97.5%
Consolidated net result (attributable to shareholders of the parent company)	-74.5	47.7	>-100%

€ million	30. Sep. 19	31. Dec. 18	Change
Total assets	1,539.7	1,585.1	-2.9%
Equity attributable to the shareholders of the parent company	409.4	531.6	-23.0%
Net financial debt <sup>3)</sup>	279.5	242.2	15.4%
Gearing <sup>4)</sup>	0.68	0.46	-
Equity ratio <sup>5)</sup>	26.6%	33.5%	-

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

<sup>2)</sup> 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)

<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

## Content

<b>News</b> .....	<b>4</b>	Notes to the Condensed Consolidated Interim Financial Statements.....	<b>23</b>
<b>Interim Group Management Report</b> .....	<b>5</b>	<b>Responsibility statement</b> .....	<b>30</b>
Economic environment.....	5	<b>Other information</b> .....	<b>31</b>
Key events of the business development .....	5	Financial Calendar 2020 .....	33
Business development .....	7	Investor Relations Contact.....	34
Opportunities and Risks .....	13		
Outlook.....	14		
<b>Condensed Consolidated Financial Statements</b> .....	<b>16</b>		
Consolidated Income Statement .....	16		
Consolidated Statement of Comprehensive Income.....	17		
Consolidated Balance Sheet .....	18		
Consolidated Cash Flow Statement .....	20		
Condensed Consolidated Statement of Changes in Equity....	22		

## SGL Carbon

### July 2019

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. Accordingly, the total nominal amount of the outstanding convertible bonds fell below 20% of the initially issued nominal amount and as a result, we were able to redeem the remaining outstanding convertible bonds at 100% of the nominal value plus accrued interest. The cash used to redeem the convertible bond 2015/2020 prematurely was raised from the corporate bond issue in April.

### August 2019

Ad-hoc notification on August 14: The actual results of July 2019 of the business unit Composites – Fibers & Materials (CFM) showed a significant deviation from our expectations. This resulted in a correction of the 2019 guidance for the business unit CFM and also for the Group. In consideration of these developments, the Group guidance for 2020–2022 is no longer sustainable. We plan to publish the new guidance after completing the new Group plan in January 2020 at the latest. As a consequence of this development, the Chief Executive Officer Dr. Jürgen Köhler informed the Supervisory Board that he has resigned from his mandate as Chief Executive Officer of SGL Carbon SE effective August 31, 2019,

### August 2019

At an extraordinary meeting on 21 August 2019, the Supervisory Board of SGL Carbon SE decided to fill the position of the departing Chief Executive Officer externally. The search begins immediately. Until further notice, the Chief Financial Officer of SGL Carbon, Dr. Michael Majerus, is additionally assuming the responsibilities of the CEO as sole executive board member.

### October 2019

On October 14, 2019, the Supervisory Board of SGL Carbon SE decided to appoint Dr. Stephan Bühler as an additional member to the Board of Management effective October 15, 2019. He will be responsible for Legal and Compliance.

### October 2019

In the October 25 ad-hoc notification, we revised downward the full year guidance for CFM and for the Group due to the weak developments in the market segments Textile Fibers and Industrial Applications and an impairment charge at CFM in the third quarter 2019.

## Reporting Segment CFM

### 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.

### 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.

### August 2019

On August 7, we highlighted our participation at the China Composites Expo in Shanghai. This is one of the important trade fairs for innovative fiber composite solutions in the Asian market. Specifically, SGL Carbon will be presenting smart solutions and materials made of fiber composites for mobility and industrial applications markets from September 3 to 5, 2019. Under the motto "The Weight and Performance Optimizers", the company will present its diverse product portfolio along the entire value chain from carbon fibers and textile semi-finished products to finished components made of carbon and glass fiber-reinforced plastics.

<sup>1</sup> For news items before July 1, 2019, we refer to the previous interim reports

# Interim Group Management Report

[unaudited]

## Economic environment

In its latest global economic outlook from October 2019, the International Monetary Fund (IMF) revised its global growth outlook downwards once again. Accordingly, the global economy is in a synchronized downturn and growth for 2019 is projected to return to its slowest pace since the global financial crisis at 3.0% (July forecast: 3.2%). This subdued growth is a consequence of rising trade barriers, elevated geopolitical risks, and specific factors causing macroeconomic strain in several emerging market economies. These include structural factors such as low productivity growth and aging populations in the advanced economies.

Global growth in 2020 is projected to improve modestly to 3.4%, down 0.1% from the July forecast. However, unlike the synchronized slowdown, this recovery is not broad based. Advanced economies are projected to slow to 1.7% in 2019 and 2020, while growth in emerging market and developing economies will increase from 3.9% in 2019 to 4.6% in 2020.

Growth of 1.2% is expected for the euro area in the current year (July forecast: 1.3%). With 0.5% growth, Germany is one of the lower ranks and is only beaten by the stagnation in Italy. With a growth forecast of 1.2% in 2020, Germany is also below the forecast for the entire euro area of 1.4%.

A feature of the sluggish growth in 2019 is the sharp and geographically broad-based slowdown in manufacturing and global trade. This is impacted by the following factors: Higher tariffs and prolonged uncertainty surrounding trade policy have dented investment and demand for capital goods. The registration figures of the automobile industry are shrinking due to industry-specific changes, such as disruptions caused by new emission standards in the euro area and in China, that have had long-lasting effects. In contrast to weak manufacturing and weak trade, the services sector across much of the globe continues to hold up.

With a synchronized slowdown and an uncertain recovery, the global outlook remains uncertain.

Based on these macroeconomic developments, we adjusted the assumptions regarding our business outlook for 2019 for the first time on August 14 and on October 25, 2019.

## 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 in the first instance has deposited the aggregate amount of principal and interest due under the 2020 Convertible Bonds until maturity into an escrow account for the benefit of the holders of the 2020 Convertible. In July 2019, the convertible bond was repurchased prematurely by using the liquid funds from the escrow account. The early repayment of the convertible bond 2015/2020 had a negative effect of €6.3 million on the financial result in the third quarter of 2019.

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 right of use asset increased property, plant and equipment by €36.9 million and current asset by €1.4 million
- Financial liabilities increased by €38.2 million due to the recognition of leasing liabilities. Of this amount, €28.9 million related to long-term liabilities and €9.3 million to short-term liabilities
- Shareholders' equity increased by €0.1 million

In the first nine months of 2019, we recognized depreciation for rights of use assets in the amount of €6.5 million and imputed interest expenses for lease liabilities in the amount of €0.9 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 and cash flow from financing activities decreased by €7.1 million each.

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

## Impairment tests

As a result of the significant deviations from our expectations in the market segment Wind Energy, Textile Fibers and Industrial Applications in the reporting segment Composites - Fibers & Materials (CFM) communicated in August 2019, the preparation of a new five-year plan was accelerated. For each of the two cash-generating units (CGU) Carbon Fibers & Composite Materials (CF/CM) and Composites DE (SGL ACF), an impairment test was carried out. The impairment test revealed solely a shortfall of the recoverable amount of CF/CM over the carrying amount of the net assets allocated to the CGU and resulted in an impairment loss of €74.7 million on other intangible assets, buildings, technical equipment and machinery and other property, plant and equipment. The non-current assets of the former joint ventures with BMW and Benteler, which were acquired in recent years, are not affected by this impairment.

In connection with the impairment test, the related deferred tax assets were also tested for impairment. This resulted in a valuation allowance of €7.4 million on deferred tax assets in the United Kingdom and Germany. Further details can be found in the Notes.

## Business development

### Segment reporting

#### Reporting segment Composites – Fibers & Materials (CFM)

€ million	Nine months		
	2019	2018	Change
Sales revenue	328.6	323.9	1.5%
EBITDA before non-recurring items <sup>1)</sup>	24.1	45.8	-47.4%
EBIT before non-recurring items (recurring EBIT) <sup>1)</sup>	-1.8	20.9	>-100%
Return on sales (EBIT-margin) <sup>1)</sup>	-0.5%	6.5%	-
Return on capital employed (ROCE EBIT) <sup>2)</sup>	-0.3%	4.6%	-
Operating loss/profit (EBIT)	-82.8	39.0	>-100%

<sup>1)</sup> Non-recurring items of minus €81.0 million and €18.1 million in the nine months 2019 and 2018, respectively

<sup>2)</sup> 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 reporting segment CFM at €328.6 million remained approximately on the prior year level also in the first nine months 2019 (currency adjusted: plus 1%). The first half year already recorded strong growth in the market segment Wind Energy compared to the very weak prior year. This growth even accelerated in the third quarter. In the first nine months 2019, sales in the market segment Automotive remained close to the prior year level, while the market segments Textile Fibers and Industrial Applications declined due to the weakening global economy as well as due to structural issues. The market segment Aerospace also remained below the prior year level due to different timings of project billings.

With the full acquisition of Benteler SGL at the end of 2017, Ceramic Brake Discs (Brembo SGL; development and production of carbon ceramic brake discs) is the major remaining investment accounted for At-Equity and is allocated to the market segment Automotive. In the first nine months 2019, sales of all At-Equity accounted investments increased by approx. 5% to €190.1 million (9M/2018: €181.6 million €, 100% values for companies) and is not included in our Group sales revenue. This development is mainly related to our precursor joint venture with Mitsubishi, where we had positive currency effects, as well as higher sales at the energy joint venture at our Portuguese site.

As already described in the ad-hoc notification published on August 14, 2019, recurring EBIT in the third quarter 2019 significantly declined compared to the first two quarters of the year, due to the deterioration in the market segments Textile Fibers, Wind Energy und Industrial Applications. This is the reason why recurring EBIT in the first nine months 2019 at minus €1.8 million was substantially below the level of the comparable prior year period of €20.9 million. Accordingly, the EBIT-margin declined to minus 0.5% from 6.5% in this business unit.

This development was the result of the significant earnings decline in the market segment Wind Energy, which did not benefit from higher sales revenues due to the unfavorable product mix. Compared to the prior year, we are supplying much more untreated carbon fiber than value added materials. Despite the temporary stabilization in the second quarter, earnings in the market segment Textile Fibers substantially declined in the reporting period. Demand for acrylic fibers continues to be weak, in addition to the challenging economic environment, the acrylic fiber market is also structurally challenged. Due to the sustained high raw material prices, important end markets have switched over to polyester. The earnings decline in the market segments Automotive and Aerospace was due to a temporarily unfavorable product mix resp. different billing schedules.

As outlined in detail in the chapter „Key Events“ and in the Notes, an impairment charge in the amount of €74.7 million was recorded in CFM in the third quarter 2019 due to the lower starting point in 2019 as well as the ongoing weakness in the market segments Textile Fibers and Industrial Applications.

The impairment charge relates only to the cash generating unit CF/CM. In recent years acquired assets of the former joint ventures with BMW and Benteler are not affected by this impairment.

Further non-recurring items include mainly the additional depreciation of minus €6.5 million of the identified and capitalized amounts relating to the purchase price allocation of the SGL Composites companies. Non-recurring items from the recognition and release of restructuring provisions nearly balanced each other out. The first nine months of 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. Mainly due to this high positive non-recurring item in the prior year and the impairment charge of €74.7 million in the third quarter 2019, reporting EBIT declined from

€39.0 million in the first nine months 2018 to minus €82.8 million in the reporting period.

Due to the substantial deterioration in the market segments Industrial Applications and Textile Fibers, we decided on various countermeasures, which include the following aspects:

- Targeted staff reduction of around 3 percent in the business unit CFM; half of the reduction has already taken place. The expenses for these restructuring measures are included in the revised full year guidance for 2019.
- Accelerated conversion of textile fiber production lines into precursor production lines for carbon fiber production
- Product mix improvements in the Industrial Applications and Textile Fibers market segments
- Selective price increases
- Accelerated implementation of Operational Excellence programs and implementation beyond production functions
- Growth in higher-margin aerospace business to be accelerated

## Reporting segment Graphite Materials & Systems (GMS)

€ million	Nine months		
	2019	2018	Change
Sales revenue	471.3	436.8	7.9%
EBITDA	91.2	76.5	19.2%
EBIT before non-recurring items (recurring EBIT) <sup>1)</sup>	70.9	59.5	19.2%
Return on sales (EBIT-margin)	15.0%	13.6%	-
Return on capital employed (ROCE <sub>EBIT</sub> ) <sup>2)</sup>	16.9%	16.0%	-
Operating profit (EBIT)	70.9	60.1	18.0%

<sup>1)</sup> Non-recurring items of €0.0 million and €0.6 million in the nine months of 2019 and 2018, respectively

<sup>2)</sup> 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)

In the first nine months 2019, sales in the reporting segment GMS at €471.3 million increased by approximately 8% (currency adjusted by approx. 6%) year-over-year. Main driver for this strong development was the market segment Automotive & Transport, which grew more than proportionately and was able to increase its sales by more than 30%. The market segments Semiconductors and LED were also able to record a substantial double digit increase in sales. Slight growth was posted in the market segments Industrial Applications and Chemicals. Sales in the market segment Battery & other Energy remained below

the prior year level as expected, 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.

Overall, recurring EBIT increased more than proportionately to sales by 19% to a historic record level of €70.9 million in the first nine months of 2019 (9M/2018: €59.5 million), leading to an improved EBIT-margin of 15.0% (9M/2018: 13.6%) due to improved results in the market segments Semiconductors, LED, Chemicals and Industrial Applications. As expected, the startup costs in connection with new projects in the market segment Automotive & Transport were substantially reduced in the third quarter 2019, so that in the reporting period the results were stabilized on the prior year level. Earnings in the market segment Battery & other Energy were also maintained close to the prior year level. Results in the market segment Solar remained slightly below the prior year level.

## Reporting segment Corporate

€ million	Nine months		
	2019	2018	Change
Sales revenue	32.5	25.6	27.0%
<i>thereof Central Innovation</i>	<i>9.4</i>	<i>3.6</i>	<i>&gt;100%</i>
EBITDA	-8.1	-16.6	51.2%
EBIT before non-recurring items (recurring EBIT) <sup>1)</sup>	-14.9	-21.2	29.7%
Operating loss (EBIT)	-14.9	-19.4	23.2%
<i>thereof Central Innovation</i>	<i>-4.0</i>	<i>-6.1</i>	<i>34.4%</i>

<sup>1)</sup> Non-recurring items of €1.8 million in the nine months of 2018

Sales in the reporting segment Corporate increased by 27% (no currency effect) year-over-year to €32.5 million (9M/2018: €25.6 million) mainly due to higher sales in the market segment Energy. This relates to sales of our central research & development department (Central Innovation) for fuel cell components.

At minus €14.9 million, recurring EBIT in the reporting segment Corporate improved substantially compared to the prior year period (9M/2018: minus €21.2 million) despite a positive one-time effect in the prior year period in the amount of €3.9 million relating to a land sale in Canada. This development was mainly the result of increased earnings contributions from the business with fuel cell components, which reduced the net expenses of our central research and development activities. A further effect came from lower expenses for management incentive plans following the strong earnings decline at CFM and thus also in the Group.



## Group business development

### Condensed Consolidated Income Statement

€ million	Nine months		
	2019	2018	Change
<b>Sales revenue</b>	<b>832.4</b>	<b>786.3</b>	<b>5.9%</b>
Cost of sales	-654.2	-615.4	-6.3%
<b>Gross profit</b>	<b>178.2</b>	<b>170.9</b>	<b>4.3%</b>
Selling, administrative and R&D expenses	-139.1	-137.4	-1.2%
Other operating income/expenses	4.8	13.0	-63.1%
Result from investments accounted for At-Equity	10.3	12.7	-18.9%
<b>Operating profit (EBIT) before non-recurring items (recurring EBIT)</b>	<b>54.2</b>	<b>59.2</b>	<b>-8.4%</b>
Impairment loss	-74.7		-
Other non-recurring items	-6.3	20.5	>-100%
<b>Operating loss/profit (EBIT)</b>	<b>-26.8</b>	<b>79.7</b>	<b>&gt;-100%</b>
<b>EBITDA before non-recurring items</b>	<b>107.2</b>	<b>105.7</b>	<b>1.4%</b>

Sales revenue increased by 6% (currency adjusted by 4%) to €832.4 million (9M/2018: €786.3 million). The increase in sales revenue is primarily attributable to higher deliveries and price increases at GMS. The gross margin slightly decreased to 21.4% in the reporting period (9M/2018: 21.7%) due to the weaker earnings situation in the reporting segment CFM. Despite the marginally lower gross margin, gross profit rose to €178.2 million in the reporting period from €170.9 million in the prior year period, due to the higher sales revenue. Selling, administrative, and R&D expenses increased by 1% to €139.1 million (9M/2018: €137.4 million), and thus at a slightly slower rate than sales revenue. On the one hand, higher freight costs led to an increase in selling expenses, while lower expenses for management incentive plans contributed to a significant reduction in administrative expenses.

Although recurring EBIT in the period under review decreased by 8% to €54.2 million (9M/2018: €59.2 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 remained on the prior year level. This is attributable to the fact that the significant decline in earnings in the business unit CFM could almost completely be offset by the improvements in operating earnings in the business unit GMS and in Corporate.

Recurring EBIT included, for the first time, depreciation required under IFRS 16 on capitalized lease contracts.

Accordingly, recurring EBITDA developed better than recurring EBIT and increased slightly to €107.2 million (9M/2018: €105.7 million).

Non-recurring items of minus €81.0 million in the reporting period mainly include the impairment charge in the reporting segment CFM in the amount of €74.7 million as well as the additional amortization of identified assets and liabilities resulting from purchase price allocation (PPA) amounting to minus €6.5 million. In addition, further non-recurring items from recognition and release of restructuring provisions have almost balanced each other out. In the first nine months of the prior year, 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. As a result of this high positive non-recurring item in the previous year and the impairment charge of €74.7 million in the third quarter 2019, EBIT after non-recurring items decreased from €79.7 million in the first nine months of 2018 to minus €26.8 million in the reporting period.

### Net financing result

€ million	Nine months		
	2019	2018	Change
Interest income	1.2	0.7	71.4%
Interest expense	-14.6	-10.1	-44.6%
Imputed interest convertible bonds (non-cash)	-4.1	-3.5	-17.1%
Imputed interest finance lease (non-cash)	-2.6	-1.9	-36.8%
Carrying amount of current and non-current financial liabilities	-4.7	-4.1	-14.6%
<b>Interest expense, net</b>	<b>-24.8</b>	<b>-18.9</b>	<b>-31.2%</b>
Amortization of refinancing costs (non-cash)	-2.7	-1.3	>-100%
Foreign currency valuation of Group loans (non-cash)	0.2	-0.5	>100%
Other financial income/expenses	-5.3	-0.6	>-100%
<b>Other financing result</b>	<b>-7.8</b>	<b>-2.4</b>	<b>&gt;-100%</b>
<b>Net financing result</b>	<b>-32.6</b>	<b>-21.3</b>	<b>-53.1%</b>

With the issue of the new corporate bond in April 2019, the refinancing measures are now substantially complete, and the maturities profile has comprehensively improved; after the repayment of the financial debt of SGL Composites due to BMW Group at June 30, 2019, the convertible bond 2015/2020 was

repaid prematurely in July. As a result of these measures, gross debt further decreased considerably compared to June 30, 2019, leading to a sustainable improvement of the interest expense in the third quarter and over the original residual term of the convertible bond.

After the repayment of the financial debt of SGL Composites due to BMW Group in June 2019 and the repurchase of the convertible bond 2015/2020 (interest rate of 3,5%) in July 2019, interest expense particularly related to the interest on the corporate bond issued in April 2019 (interest rate of 4.625%) as well as the cash interest component (coupon) of the convertible bond 2018/2023 (interest rate 3.0%). 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 €0.9 million, net interest expense for the reporting period increased significantly from minus €18.9 million to minus €24.8 million. The other financing result significantly increased year-on-year to minus €7.8 million (9M/2018: minus €2.4 million), particularly due to a one-time negative earnings effect from the repurchase of the convertible bond amounting to €6.3 million in total. Overall, the financial result thus declined to minus €32.6 million (9M/2018: minus €21.3 million).

## Condensed Consolidated Income Statement (Continued)

€ million	Nine months		
	2019	2018	Change
<b>Operating loss/profit (EBIT)</b>	<b>-26.8</b>	<b>79.7</b>	<b>&gt;-100%</b>
Net financing result	-32.6	-21.3	-53.1%
<b>Result from continuing operations before income taxes</b>	<b>-59.4</b>	<b>58.4</b>	<b>&gt;-100%</b>
Income tax expense	-14.7	-6.4	>-100%
<b>Result from continuing operations</b>	<b>-74.1</b>	<b>52.0</b>	<b>&gt;-100%</b>
Result from discontinued operations, net of income taxes	-0.1	-4.0	97.5%
<b>Net result for the period</b>	<b>-74.2</b>	<b>48.0</b>	<b>&gt;-100%</b>
Attributable to:			
Non-controlling interests	0.3	0.3	0.0%
Consolidated net result [attributable to shareholders of the parent company]	-74.5	47.7	>-100%
Earnings per share - basic and diluted (in €)	-0.61	0.39	>-100%
Earnings per share continuing operations, basic and diluted (in €)	-0.61	0.42	>-100%
Earnings per share - discontinued operations, diluted (in €)	0.00	-0.03	100%

### Result from continuing operations

Mainly due to the non-recurrence of the positive non-recurring item in the prior year as described above and the recognition of the impairment loss in the current period, the result from continuing operations before income taxes decreased from €58.4 million in the prior year period to minus €59.4 million in the reporting period. Income tax expense of €14.7 million (9M/18: €6.4 million) was characterized by valuation allowances on deferred tax assets in United Kingdom and Germany in the amount of €7.4 million as a result from the weaker earnings outlook in the reporting segment CFM, as well as 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 of the prior year period 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 minus €74.5 million compared to €47.7 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 nine months 2018].

## Balance sheet structure

ASSETS €m	30. Sep. 19	31. Dec. 18	Change
Non-current assets	803.4	841.2	-4.5%
Current assets	736.3	742.2	-0.8%
Assets held for sale	-	1.7	-
<b>Total assets</b>	<b>1,539.7</b>	<b>1,585.1</b>	<b>-2.9%</b>
<b>EQUITY AND LIABILITIES €m</b>			
Equity attributable to the shareholders of the parent company	409.4	531.6	-23.0%
Non-controlling interests	10.1	10.7	-5.6%
<b>Total equity</b>	<b>419.5</b>	<b>542.3</b>	<b>-22.6%</b>
Non-current liabilities	876.6	798.0	9.8%
Current liabilities	243.6	244.3	-0.3%
Liabilities in connection with assets held for sale	-	0.5	-
<b>Total equity and liabilities</b>	<b>1,539.7</b>	<b>1,585.1</b>	<b>-2.9%</b>

Total assets as of September 30, 2019, decreased by €45.4 million or 2.9% to €1,539.7 million compared to December 31, 2018. Non-current assets on one hand decreased by €74.7 million due to the impairment loss at CFM and on the other hand increased by €32.2 million as a result of the first-time adoption of IFRS 16, which requires the capitalization of lease contracts. In addition, current assets decreased slightly. The decrease in cash and cash equivalents in the amount of €33.9 million was partially compensated by the increase in trade receivables and contract assets in the amount of €25.2 million and the increase in inventories of €7.0 million.

The increase in non-current liabilities is mainly attributable to the increase in pension provisions by €59.2 million to €352.4 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 1.1%-points in each case to 0.8% and to 3.1%. Furthermore, a total of €15.8 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 €11.6 million because of lower additions to bonus provisions for the current fiscal year. In addition, other liabilities also decreased due to the settlement payment to the acquirer of the Aerostructures business in the amount of €10.6 million. This development was offset by an increase in trade payables of €5.6 million and by €17.9 million higher current liabilities recognized for the first time in accordance with IFRS 16 lease accounting.

## Working Capital

€ million	30. Sep. 19	31. Dec. 18	Change
Inventories	317.4	310.4	2.3%
Trade accounts receivable and contract assets <sup>1)</sup>	242.0	216.8	11.6%
Trade payables	-113.7	-108.1	-5.2%
<b>Working Capital</b>	<b>445.7</b>	<b>419.1</b>	<b>6.3%</b>

Working capital increased by 6% to €445.7 million as of September 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 of €25.2 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 €19.6 million have limited the increase in trade receivables. In addition, the €7.0 million increase in inventories also contributed to the increase in net working capital in the first nine months of 2019.

## Changes in equity

As of September 30, 2019, equity attributable to the shareholders of the parent company decreased to €409.4 million [December 31, 2018: €531.6 million]. The reduction is mainly attributable to the net result of minus €74.5 million, which was impacted by the impairment loss at CFM. In addition, the lower pension discount rate environment in Germany and the USA resulted in an adjustment of minus €59.8 million to equity, without an effect on the profit and loss statement. Positive foreign currency changes of €16.4 million increased equity. Overall, the equity ratio as of September 30, 2019 decreased to 26.6% compared to 33.5% as of December 31, 2018.

## Net financial debt

€ million	30. Sep. 19	31. Dec. 18	Change
Carrying amount of current and non-current financial liabilities	405.1	398.8	1.6%
Remaining imputed interest for the convertible bonds	11.4	20.8	-45.2%
Accrued refinancing cost	9.7	4.2	>100%
<b>Total financial debt (nominal amount)</b>	<b>426.2</b>	<b>423.8</b>	<b>0.6%</b>
Liquidity - continuing operations	146.7	180.6	-18.8%
Liquidity - discontinued operations	-	1.0	-100%
<b>Total liquidity (continuing and discontinued)</b>	<b>146.7</b>	<b>181.6</b>	<b>-19.2%</b>
<b>Net financial debt - continuing and discontinued operations</b>	<b>279.5</b>	<b>242.2</b>	<b>15.4%</b>
thereof: SGL Composites (formerly SGL ACF)			
Non-current financial liabilities	0.0	86.4	-100%

The financial debt mainly includes the convertible bond 2018/2023, the new corporate bond 2019/2024, 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 and the convertible bond 2015/2020 were both repaid in full as of June 30, 2019 and in July 2019, respectively.

As of September 30, 2019, net financial debt increased by €37.3 million to €279.5 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 cashflow from continuing operations of minus €9.6 million and the costs incurred for the issuance of the corporate bond.

## Free cash flow

€ million	Nine months	
	2019	2018
<b>Cash flow from operating activities</b>		
Result from continuing operations before income taxes	-59.4	58.4
Restructuring expenses	-0.2	-0.8
Income from business combination achieved in stages	-	-28.4
Impairment loss	74.7	
Depreciation/amortization expense	61.2	55.3
Changes in working capital	-16.8	-45.7
Miscellaneous items	-29.6	-31.2
<b>Cash flow from operating activities - continuing operations</b>	<b>29.9</b>	<b>7.6</b>
Cash flow from operating activities - discontinued operations	0.0	-4.0
<b>Cash flow from operating activities - continuing and discontinued operations</b>	<b>29.9</b>	<b>3.6</b>
<b>Cash flow from investing activities</b>		
Payments to purchase intangible assets and property, plant & equipment	-50.7	-38.7
Proceeds from the sale of intangible assets and property, plant & equipment	1.7	4.9
Payments for the acquisition of subsidiaries, net of cash acquired	-	-23.1
Dividend payments from investments accounted for At-Equity	6.9	6.0
Payments received for divestitures	2.6	3.4
<b>Cash flow from investing activities - continuing operations</b>	<b>-39.5</b>	<b>-47.5</b>
Cash flow from investing activities - discontinued operations	-9.8	62.6
<b>Cash flow from investing activities - continuing and discontinued operations</b>	<b>-49.3</b>	<b>15.1</b>
<i>Free cash flow <sup>1)</sup> - continuing operations</i>	<i>-9.6</i>	<i>-39.9</i>
<i>Free cash flow <sup>1)</sup> - discontinued operations</i>	<i>-9.8</i>	<i>58.6</i>

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

Cash flow from operating activities -continuing operations - in the first nine months of 2019 improved significantly by €22.3 million to €29.9 million, mainly due to the reduced increase in working capital. Cash flow from investing activities of continuing operations improved from minus €47.5 million in the prior year period to minus €39.5 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. Capital expenditures in intangible assets and property plant and equipment in the reporting period increased significantly by 31% to €50.7 million

[9M/2018: €38.7 million]. SGL Carbon received further cash proceeds from the sale of SGL Kumpers of €2.0 million and from the sale of a company in Korea of €0.6 million. The prior year period included the net proceeds from the sale of SGL Kumpers amounting to €3.4 million and from a land sale in Lachute [Canada] in the amount of €3.9 million.

As a result, free cash flow from continuing operations in the reporting period improved significantly to minus €9.6 million compared to the prior year period [9M/2018: minus €39.9 million].

Free cash flow from discontinued operations decreased significantly to minus €9.8 million in the reporting period [9M/2018: €58.6 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 €58.6 million.

## Employees

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

Headcount	30. Sep. 19	31. Dec. 18	Change
Composites - Fibers & Materials	1,707	1,722	-0.9%
Graphite Materials & Systems	3,126	3,008	3.9%
Corporate	322	301	7.0%
<b>Total SGL Carbon</b>	<b>5,155</b>	<b>5,031</b>	<b>2.5%</b>

Headcount	30. Sep. 19	31. Dec. 18	Change
Germany	2,359	2,271	3.9%
Europe excluding Germany	1,481	1,448	2.3%
North America	821	824	-0.4%
Asia	494	488	1.2%
<b>Total SGL Carbon</b>	<b>5,155</b>	<b>5,031</b>	<b>2.5%</b>

## 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.

In the reporting segment Composites - Fibers & Materials (CFM), the risks from "price and volume development", "future general economic trend" and "raw material risks" have materialized and are included in the 2019 forecast for this reporting segment. In addition, we have introduced measures to improve earnings in the CFM reporting segment, but these should not have a material effect on earnings until the following year. The risks that have materialized at CFM are only partially offset by seizing opportunities in the GMS and Corporate reporting segments. For the remaining months of this fiscal year, we see only a small opportunity and risk profile from the above-mentioned risk categories.

In addition, the outlook for the 2019 net result now includes "assessment risks" and "tax risks". The reduced earnings expectation increases the risk of a possible negative rating impact by the rating agencies. We do not expect any significant negative effects from this, as we are fully financed until 2023 with regard to existing financial debt, with the issue of the 2018/2023 convertible bond in September 2018, the 2019/2024 corporate bond in April 2019 and the €175 million syndicated loan concluded in January 2019 (which is still undrawn).

The updated Group outlook for financial year 2020 also takes into account the expected occurrence of risks in price and volume developments as well as the updated future general economic trend. A more detailed overview of the risks in the 2020 financial year and subsequent years will be developed with the preparation of the new Group plan and presented in the 2019 Annual Report.

A continuing risk for the European economy is the Brexit, which has been postponed.

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 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

### Financial targets for the reporting segments

€ million	KPI	Actuals 2018	Outlook 2019
CFM	Sales revenue	422,5	Slight increase
	EBIT <sup>1)</sup>	20,8	Negative mid to high single digit EURm amount
GMS	Sales revenue	589,9	Slight increase
	EBIT <sup>1)</sup>	76,0	Slight increase
Corporate	EBIT <sup>1)</sup>	- 32,2	Significant increase

<sup>1)</sup> Before non-recurring items

### Reporting segment Composites – Fibers & Materials (CFM)

For the full year 2019, we expect a slight increase in sales year-over-year in the reporting segment CFM, mainly driven by the market segment Wind Energy.

As announced in the ad-hoc notifications of August 14 and October 25, 2019, the market segments Textile Fibers and Industrial Applications are developing substantially weaker than initially expected. Despite the strong growth in the market segment Wind Energy, a substantial year-over-year earnings decline is also expected in this market segment due to the deteriorated product mix. Consequently, we now anticipate a negative mid to high single digit million € recurring EBIT. The earnings improvement measures introduced predominantly in the market segments Textile Fibers and Industrial Applications are only expected to materially improve results in the next year.

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

In the prior year, sales and recurring EBIT in the reporting segment GMS were substantially positively impacted by the initial adoption of IFRS 15. In spite of this, we now expect a slight increase in both KPIs in the full year 2019 due to the very good business development in the first nine months 2019 and even though we anticipate a decline in the final quarter of 2019, as we continue to plan lower volumes as well as a targeted reduction of inventory levels, which will lead to 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

Despite a positive one-time effect from a land sale in the amount of approximately €4 million, we now expect recurring EBIT in the reporting segment Corporate to improve substantially in fiscal year 2019. This is one hand the result of significantly lower net expenses at Central Innovation, following the very good business development with fuel cell components. In addition, lower expenses for management incentive plans also contribute to the substantial earnings improvement.

## Group

### Group financial targets

€ million	Actuals 2018	Outlook 2019
Sales revenue	1.047,5	Mid-single digit percentage increase
EBIT <sup>1)</sup>	64,6	45 to 50 EURm
Return on capital employed (ROCE EBIT) <sup>1)</sup>	5,4%	Significant decrease
Consolidated net result – continuing operations	50,3	Approx. minus 100 EURm

<sup>1)</sup> 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.

As described in the ad-hoc notification of August 14, 2019, the better than initially expected business developments in the reporting segments GMS and Corporate will not suffice to compensate for the substantial earnings decline in the market segments Textile Fibers and Wind Energy in the reporting segment CFM. We therefore in August 2019 guided a Group recurring EBIT which is approximately €10 million lower than the initial guidance of €65 million.

On October 25, 2019, we published an ad-hoc notification and informed that the weakness in the market segments Textile Fibers and Industrial Applications in the reporting segment CFM will continue into the final quarter of 2019. We therefore

now expect a Group recurring EBIT in the range of €45 to €50 million.

The earnings decline at CFM, which is mainly attributable to the weakness in the market segments Textile Fibers and Industrial Applications, led to an impairment testing. Consequently, an impairment charge in the amount of approximately €75 million was recorded in the third quarter 2019. The in recent years acquired assets of the former joint ventures with BMW and Benteler were not affected by this impairment.

This impairment charge is the main reason for the deterioration in the net result, which is now expected at approx. minus €100 million (previous guidance: net result in a negative high single digit million € amount). The net result of approximately €41 million was positively impacted by a non-cash positive non-recurring item in the amount of €28 million relating to the full consolidation of SGL ACF.

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 still anticipated to increase by a mid-double digit million € amount compared to the year-end 2018 due to higher capital expenditures and increased interest costs. However, the risks to not achieve this target have risen in light of the earnings decline at CFM.

With the issue of the convertible bond 2018/2023 in September 2018, the corporate bond 2019/2024 in April 2019 as well as the syndicated loan agreed in January 2019 in the amount of €175 million (which remains undrawn) we are financed through to 2023 with respect to existing financial liabilities.

Wiesbaden, November 5, 2019

**SGL Carbon SE**

**The Board of Management**

# Condensed Consolidated Financial Statements

[unaudited]

## Consolidated Income Statement

€ million	3rd Quarter			Nine months		
	2019	2018	Change	2019	2018	Change
<b>Sales revenue</b>	<b>270.9</b>	<b>257.0</b>	<b>5.4%</b>	<b>832.4</b>	<b>786.3</b>	<b>5.9%</b>
Cost of sales	-219.3	-207.9	-5.5%	-660.7	-624.1	-5.9%
<b>Gross profit</b>	<b>51.6</b>	<b>49.1</b>	<b>5.1%</b>	<b>171.7</b>	<b>162.2</b>	<b>5.9%</b>
Selling expenses	-27.4	-25.1	-9.2%	-81.0	-74.9	-8.1%
Research and development costs	-9.5	-7.8	-21.8%	-27.0	-24.1	-12.0%
General and administrative expenses	-7.3	-13.2	44.7%	-31.1	-38.4	19.0%
Other operating income	1.9	3.1	-38.7%	8.7	44.5	-80.4%
Other operating expenses	0.9	-0.4	>100%	-3.9	-3.1	-25.8%
Result from investments accounted for At-Equity	4.0	4.1	-2.4%	10.3	12.7	-18.9%
Restructuring expenses	0.2	-1.1	>100%	0.2	0.8	75.0%
Impairment loss	-74.7	-	-	-74.7	-	-
<b>Operating loss/profit</b>	<b>-60.3</b>	<b>8.7</b>	<b>&gt;-100%</b>	<b>-26.8</b>	<b>79.7</b>	<b>&gt;-100%</b>
Interest income	0.1	0.2	-50.0%	1.2	0.7	71.4%
Interest expense	-7.4	-6.3	-17.5%	-26.0	-19.6	-32.7%
Other financing result	-6.6	-1.5	>-100%	-7.8	-2.4	>-100%
<b>Result from continuing operations before income taxes</b>	<b>-74.2</b>	<b>1.1</b>	<b>&gt;-100%</b>	<b>-59.4</b>	<b>58.4</b>	<b>&gt;-100%</b>
Income tax expense	-10.4	-0.7	>-100%	-14.7	-6.4	>-100%
<b>Result from continuing operations</b>	<b>-84.6</b>	<b>0.4</b>	<b>&gt;-100%</b>	<b>-74.1</b>	<b>52.0</b>	<b>&gt;-100%</b>
Result from discontinued operations, net of income taxes	0.0	0.0	-	-0.1	-4.0	97.5%
<b>Net result for the period</b>	<b>-84.6</b>	<b>0.4</b>	<b>&gt;-100%</b>	<b>-74.2</b>	<b>48.0</b>	<b>&gt;-100%</b>
Thereof attributable to:						
Non-controlling interests	0.0	0.0	-	0.3	0.3	0.0%
Consolidated net result (attributable to shareholders of the parent company)	-84.6	0.4	>-100%	-74.5	47.7	>-100%
Earnings per share, basic and diluted, (in€)	-0.69	0.00	-	-0.61	0.39	>-100%
Earnings per share - continuing operations, basic (in€)	-0.69	0.00	-	-0.61	0.42	>-100%



## Consolidated Statement of Comprehensive Income

€ million	3rd Quarter		Nine months	
	2019	2018	2019	2018
<b>Net result for the period</b>	<b>-84.6</b>	<b>0.4</b>	<b>-74.2</b>	<b>48.0</b>
<b>Items that may be reclassified subsequently to profit or loss</b>				
Cash flow hedges <sup>1)</sup>	0.3	0.1	0.6	-1.5
Currency translation	14.1	0.2	16.3	0.9
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Actuarial gains/losses on pensions and similar obligations <sup>2)</sup>	-21.6	2.1	-59.8	12.9
<b>Other comprehensive income</b>	<b>-7.2</b>	<b>2.4</b>	<b>-42.9</b>	<b>12.3</b>
<b>Comprehensive income</b>	<b>-91.8</b>	<b>2.8</b>	<b>-117.1</b>	<b>60.3</b>
Thereof attributable to:				
Non-controlling interests	0.0	-0.1	0.2	0.2
Consolidated net result (attributable to shareholders of the parent company)	-91.8	2.9	-117.3	60.1

<sup>1)</sup> Includes tax effects of €0.1 million and €0.4 million in the nine months of 2019 and 2018, respectively

<sup>2)</sup> Includes tax effects of €0.0 million and €0.1 million in the nine months of 2019 and 2018, respectively

## Consolidated Balance Sheet

ASSETS €m	30. Sep. 19	31. Dec. 18	Change
<b>Non-current assets</b>			
Goodwill	42.2	41.3	2.2%
Other intangible assets	46.4	56.5	-17.9%
Property, plant and equipment	653.1	675.5	-3.3%
Investments accounted for At-Equity	56.2	52.3	7.5%
Other non-currents assets	5.1	4.3	18.6%
Deferred tax assets	0.4	11.3	-96.5%
	<b>803.4</b>	<b>841.2</b>	<b>-4.5%</b>
<b>Current assets</b>			
Inventories	317.4	310.4	2.3%
Trade receivables and contract assets	242.0	216.8	11.6%
Other financial assets	1.0	3.0	-66.7%
Other receivables and other assets	29.2	31.4	-7.0%
Liquidity	146.7	180.6	-18.8%
<i>Time deposits</i>	4.0	58.1	-93.1%
<i>Cash and cash equivalents</i>	142.7	122.5	16.5%
	<b>736.3</b>	<b>742.2</b>	<b>-0.8%</b>
<b>Assets held for sale</b>	-	1.7	-
<b>Total assets</b>	<b>1,539.7</b>	<b>1,585.1</b>	<b>-2.9%</b>

EQUITY AND LIABILITIES €m	30. Sep. 19	31. Dec. 18	Change
<b>Equity</b>			
Issued capital	313.2	313.2	0.0%
Capital reserves	1,041.6	1,046.6	-0.5%
Accumulated losses	-945.4	-828.2	-14.2%
<b>Equity attributable to the shareholders of the parent company</b>	<b>409.4</b>	<b>531.6</b>	<b>-23.0%</b>
Non-controlling interests	10.1	10.7	-5.6%
<b>Total equity</b>	<b>419.5</b>	<b>542.3</b>	<b>-22.6%</b>
<b>Non-current liabilities</b>			
Provisions for pensions and similar employee benefits	352.4	293.2	20.2%
Other provisions	32.2	36.3	-11.3%
Interest-bearing loans	402.1	396.5	1.4%
Other financial liabilities	86.7	67.9	27.7%
Deferred tax liabilities	3.2	4.1	-22.0%
	<b>876.6</b>	<b>798.0</b>	<b>9.8%</b>
<b>Current liabilities</b>			
Other provisions	79.5	91.1	-12.7%
Current portion of interest-bearing loans	3.0	2.2	36.4%
Trade payables	113.7	108.1	5.2%
Other financial liabilities	22.2	18.8	18.1%
Other liabilities	25.2	24.1	4.6%
	<b>243.6</b>	<b>244.3</b>	<b>-0.3%</b>
<b>Liabilities in connection with assets held for sale</b>	<b>-</b>	<b>0.5</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>1,539.7</b>	<b>1,585.1</b>	<b>-2.9%</b>

## Consolidated Cash Flow Statement

€ million	Nine months	
	2019	2018
<b>Cash flow from operating activities</b>		
Result from continuing operations before income taxes	-59.4	58.4
Adjustments to reconcile the result from continuing operations to cash flow from operating activities:		
Interest expense (net)	24.8	18.9
Change in value of contract assets (IFRS 15)	-1.3	-15.3
Result from the disposal of property, plant and equipment	-0.3	-3.6
Depreciation/amortization expense	61.2	55.3
Income from business combination achieved in stages	-	-28.4
Impairment loss	74.7	-
Restructuring expenses	-0.2	-0.8
Result from investments accounted for At-Equity	-10.3	-12.7
Amortization of refinancing costs	2.7	1.3
Interest received	1.7	0.7
Interest paid	-18.7	-10.1
Income taxes paid	-4.1	-2.1
Changes in provisions, net	-24.5	-9.4
Changes in working capital		
Inventories	-6.0	-38.9
Trade receivables and contract assets	-15.0	-11.7
Trade payables	4.2	4.9
Changes in other operating assets/liabilities	0.4	1.1
<b>Cash flow from operating activities - continuing operations</b>	<b>29.9</b>	<b>7.6</b>
Cash flow from operating activities - discontinued operations	0.0	-4.0
<b>Cash flow from operating activities - continuing and discontinued operations</b>	<b>29.9</b>	<b>3.6</b>

€ million	Nine months	
	2019	2018
<b>Cash flow from investing activities</b>		
Payments to purchase intangible assets and property, plant & equipment	-50.7	-38.7
Proceeds from the sale of intangible assets and property, plant & equipment	1.7	4.9
Dividend payments from investments accounted for At-Equity	6.9	6.0
Payments for the acquisition of subsidiaries, net of cash acquired	-	-23.1
Payments received for divestitures	2.6	3.4
<b>Cash flow from investing activities - continuing operations</b>	<b>-39.5</b>	<b>-47.5</b>
Changes in time deposits	54.1	-57.2
<b>Cash flow from investing and cash management activities - continuing operations</b>	<b>14.6</b>	<b>-104.7</b>
Cash flow from investing activities and cash management activities - discontinued operations	-9.8	62.6
<b>Cash flow from investing activities and cash management activities - continuing and discontinued operations</b>	<b>4.8</b>	<b>-42.1</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of financial liabilities	257.4	159.3
Repayment of financial liabilities	-256.3	-309.1
Payments in connection with financing activities	-8.7	-3.0
Payments for the redemption portion of lease liabilities	-7.1	-
Other financing activities	-0.3	-1.1
<b>Cash flow from financing activities - continuing operations</b>	<b>-15.0</b>	<b>-153.9</b>
<b>Cash flow from financing activities - continuing and discontinued operations</b>	<b>-15.0</b>	<b>-153.9</b>
Effect of foreign exchange rate changes	0.5	-0.3
<b>Net change in cash and cash equivalents</b>	<b>20.2</b>	<b>-192.7</b>
Cash and cash equivalents at beginning of period	122.5	382.9
Cash and cash equivalents at end of period	142.7	190.2
Time deposits at end of period	4.0	57.2
<b>Liquidity</b>	<b>146.7</b>	<b>247.4</b>

## Condensed Consolidated Statement of Changes in Equity

€ million	Nine months 2019		
	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
<b>Balance at December 31</b>	<b>531.6</b>	<b>10.7</b>	<b>542.3</b>
Cumulative adjustment on initial application of IFRS 16	0.1		0.1
<b>Balance at January 1</b>	<b>531.7</b>	<b>10.7</b>	<b>542.4</b>
Equity component of the convertible bonds <sup>1)</sup>	-5.0		-5.0
<b>Dividends</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.3</b>
Net result for the period	-74.5	0.3	-74.2
Other comprehensive income	-42.8	-0.1	-42.9
<b>Comprehensive income</b>	<b>-117.3</b>	<b>0.2</b>	<b>-117.1</b>
Other changes in equity		-0.5	-0.5
<b>Balance at Sep. 30</b>	<b>409.4</b>	<b>10.1</b>	<b>419.5</b>

<sup>1)</sup> Effects in connection with the early redemption of the convertible bond 2015/2020

€ million	Nine months 2018		
	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
<b>Balance at December 31</b>	<b>457.0</b>	<b>11.3</b>	<b>468.3</b>
Cumulative adjustment on initial application of IFRS 15 and IFRS 9 (net of income taxes)	13.8		13.8
<b>Balance at January 1</b>	<b>470.8</b>	<b>11.3</b>	<b>482.1</b>
Equity component of the convertible bonds	13.7	0.0	13.7
<b>Dividends</b>	<b>0.0</b>	<b>-1.0</b>	<b>-1.0</b>
Net result for the period	47.7	0.3	48.0
Other comprehensive income	12.4	-0.1	12.3
<b>Comprehensive income</b>	<b>60.1</b>	<b>0.2</b>	<b>60.3</b>
<b>Balance at Sep. 30</b>	<b>544.6</b>	<b>10.5</b>	<b>555.1</b>

# 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 September 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 November 5, 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/accumulated losses 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 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
<b>Transition lease liabilities</b>	
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
<b>Operating lease obligations as of January 1, 2019 [gross, without discounting]</b>	<b>43.0</b>
<b>Operating lease obligations as of January 1, 2019 [net, discounted]</b>	<b>38.2</b>
Present value of finance lease liabilities at January 1, 2019	16.9
<b>Total lease liabilities as of January 1, 2019</b>	<b>55.1</b>

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 adjustments	Netting	Jan 1, 19
<b>Assets</b>				
Property, plant and equipment	675.5	36.9		712.4
Other receivables and other assets		1.4		1.4
Deferred tax assets	11.3	10.7	-10.7	11.3
<b>Liabilities</b>				
Other financial liabilities	86.7	38.2		124.9
<i>thereof: non-current liabilities</i>	67.9	28.9		96.8
<i>thereof: current liabilities</i>	18.8	9.3		28.1
Deferred tax liabilities	4.1	10.7	-10.7	4.1
<b>Equity</b>				
Accumulated losses	-828.2	0.1		-828.1
Equity ratio	33.5%			32.8%

The following table illustrates the impact of the application of the new IFRS 16 on the consolidated interim income statement as of September 30, 2019:

€ million	Nine months 2019		
	Amounts without adoption of IFRS 16	IFRS 16 adjustments	As reported
Cost of sales	-661.3	0.6	-660.7
<i>thereof: depreciation and amortization</i>	46.5	-6.5	53.0
Earnings before interest, taxes, depreciation and amortization (EBITDA) before non-recurring items	100.1	7.1	107.2
Net financing result	-31.7	-0.9	-32.6
Income tax expense	-14.7		-14.7
<b>Net result for the period</b>	<b>-73.9</b>	<b>-0.3</b>	<b>-74.2</b>
<b>Other comprehensive income</b>	<b>-42.6</b>	<b>-0.3</b>	<b>-42.9</b>

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 €7.1 million and cash flow from financing activities decreased by €7.1 million.



## Other disclosures

### Impairment tests

Based on the preliminary status of the new five-year plan, and particularly as a result of the lower starting point in 2019 as well as the ongoing weakness in the market segments Textile Fibers, Wind Energy and Industrial Applications within the reporting segment CFM, SGL Carbon conducted event-driven impairment tests of intangible assets and property, plant and equipment for the two CGUs Carbon Fibers & Composite Materials (CF/CM) and Composites DE (former SGL ACF) at September 30, 2019. No goodwill is included in the carrying amount of CF/CM, whereas the carrying amount of Composites DE includes goodwill of €19.5 million.

The projected cash flows were adjusted accordingly, and a before-tax discount rate of 8.7% was applied for CF/CM and a after tax discount rate of 6.5% was applied to Composites DE.

For the purpose of determining the terminal value for Composites DE, the steady state was derived from objective analyses and the resulting future cash flows were extrapolated using a growth rate that remained unchanged from the last impairment test. Also unchanged to the last impairment test is the extension of the detailed planning period for more than five years for Composites DE to reflect the necessary qualifications of the products with the customer industries.

As a result of the updated analysis, an impairment loss was recognized for plant and equipment and intangible assets of CF/CM in the amount of €74.7 million (of which €3.1 million related to intangible assets). No requirement to recognize an impairment loss was identified for Composites DE. i.e. this CGU's recoverable amount determined on the basis of the value in use was estimated to be higher than its carrying amount. The excess of the value in use over its carrying amount would be reduced to zero in case of an increase in the discount rate by 0.6%-points or a reduction of the cash flows in the terminal value by 17%.

Furthermore, due to the earnings deterioration in CFM, a valuation allowance on deferred tax assets in the amount of €7.4 million was recorded.

### Provisions for pensions and similar employee benefits

During the reporting period, SGL Carbon adjusted the pension discount rate in Germany and the US by 1.1%-points, each, as a consequence of decreased long-term interest rate levels. As of September 30, 2019, the discount rates are 0.8% in Germany

(Dec 31, 2018: 1.90%) and 3.10% in USA (Dec 31, 2018: 4.20%). The discount rate adjustment resulted in actuarial losses of €59.8 million (without tax effect) which have been included in other comprehensive income, thereby decreasing equity by their full amount.

### 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	Nine months	
	2019	2018
Ownership interest	50%	50%
<b>Income statement</b>		
Sales revenue (100%)	132.3	136.6
Operating profit	25.9	38.8
Net financing result	0.4	0.1
Net result for the period (100%)	18.6	24.9
Share of SGL Carbon in the net result for the period (50%)	9.3	12.5
<b>Balance Sheet</b>		
Non-current assets	68.8	49.6
Current assets	76.4	71.3
<i>Thereof cash and cash equivalents</i>	25.1	12.5
Non-current liabilities	25.1	8.7
<i>Thereof financial liabilities</i>	15.8	0.0
Current liabilities	35.2	34.1
<i>Thereof financial liabilities</i>	2.0	1.0
<b>Net assets (100%)</b>	<b>84.9</b>	<b>78.1</b>
Share of SGL Carbon in the net assets (50%)	42.5	39.1
Goodwill/customer base	3.6	3.6
<b>Carrying amount of material joint ventures</b>	<b>46.1</b>	<b>42.7</b>

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 €10.1 million (Dec. 31, 2018: €9.6 million) and their contribution to the result from investments accounted for At-Equity during the nine months 2019 was €1.0 million (9M/2018: €0.3 million).

## 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 Sep. 30, 19	Carrying amount at Dec. 31, 18
<b>Financial assets</b>			
Cash and cash equivalents	1)	142.7	122.5
Time deposits	1)	4.0	58.1
Trade receivables and contract assets	1)	242.0	216.8
Marketable securities and similar investments	2)	4.8	4.0
Other financial assets	1)	1.0	3.0
Derivative financial assets: Derivatives without a hedging relationship	3)	1.0	0.0
Derivative financial assets: Derivatives with a hedging relationship	n.a.	-	0.0
<b>Financial liabilities</b>			
Corporate bond	4)	250.0	-
Convertible bonds	4)	147.9	305.5
Bank loans, overdrafts and other financial liabilities	4)	16.9	97.4
Refinancing costs	4)	-9.7	-4.2
Finance lease liabilities	n.a.	50.2	16.9
Trade payables	4)	113.7	108.1
Miscellaneous other financial liabilities	4)	57.2	68.9
Derivative financial liabilities: Derivatives without a hedging relationship	5)	1.4	0.2
Derivative financial liabilities: Derivatives with hedging relationship	n.a.	0.1	0.7
<b>Thereof aggregated by measurement category in accordance with IFRS 9</b>			
1) Financial assets measured at amortized costs		389.7	400.4
2) Financial assets measured at fair value through profit and loss		4.8	4.0
3) Other financial assets measured at fair value through profit and loss		1.0	0.0
4) Financial liabilities measured at amortized costs		576.0	575.7
5) Financial liabilities measured at fair value through profit and loss		1.4	0.2

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	30. Sep. 19			Total
	Level1	Level2	Level3	
Marketable securities and similar investments	4.8	-	-	4.8
Derivative financial assets	-	-	1.0	1.0
Derivative financial liabilities	-	1.5	-	1.5

€ million	31. Dec. 18			Total
	Level1	Level2	Level3	
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 April 2019 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 redeem early 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 September 30, 2019, the market value of the exchange listed corporate bond was €238.0 million (derived from quoted prices as of September 30, 2019, thus conforms to level 1 of the fair value hierarchy of IFRS 13).

The fair market value of the convertible bond 2018/2023 as of September 30, 2019, was €143,4 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 €19.6 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 September 30, 2019 and is divided into 122,341,478 no-par value ordinary bearer shares at €2.56 per share. During the nine months 2019, no new shares were issued from authorized capital. As of September 30, 2019, there were 1,616,392 Stock Appreciation Rights (SARs) outstanding. SGL Carbon SE held a total of 70,501 of its own shares (treasury shares) as of September 30, 2019. Based on an average number of 122.3 million shares, basic earnings per share amounted to minus €0.61 (9M/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 minus €0.61 (9M/2018: €0.39). EPS diluted (continuing operations) amounts to minus €0.61 (9M/2018: €0.42).

## Segment information

€ million	CFM	GMS	Corporate	Consolidation adjustments	SGL Carbon
<b>Nine months 2019 - continuing operations</b>					
External sales revenue	328.6	471.3	32.5	0.0	832.4
Intersegment sales revenue	3.0	0.5	25.5	-29.0	0.0
<b>Total sales revenue</b>	<b>331.6</b>	<b>471.8</b>	<b>58.0</b>	<b>-29.0</b>	<b>832.4</b>
<b>Timing of revenue recognition</b>					
Products transferred at point in time	325.7	468.8	32.5	0.0	827.0
Products and services transferred over time	2.9	2.5	-	-	5.4
<b>Total sales revenue</b>	<b>328.6</b>	<b>471.3</b>	<b>32.5</b>	<b>0.0</b>	<b>832.4</b>
<b>Sales revenue by customer industry</b>					
Mobility	180.1	46.5	6.4	0.0	233.0
Energy	33.9	110.1	8.7	0.0	152.7
Industrial Applications	45.5	140.7	17.4	0.0	203.6
Chemicals	-	106.4	-	0.0	106.4
Digitization	-	67.6	-	0.0	67.6
Textile Fibers	69.1	-	-	0.0	69.1
<b>Total sales revenue</b>	<b>328.6</b>	<b>471.3</b>	<b>32.5</b>	<b>0.0</b>	<b>832.4</b>
Operating profit (EBIT) before non-recurring items (recurring EBIT)	-1.8	70.9	-14.9	0.0	54.2
Non-recurring items <sup>1)</sup>	-81.0	-	-	0.0	-81.0
Operating loss/profit (EBIT)	-82.8	70.9	-14.9	0.0	-26.8
Capital expenditures <sup>2)</sup>	15.5	26.1	9.1	0.0	50.7
Earnings before interest, taxes, depreciation and amortization (EBITDA) before non-recurring items	24.1	91.2	-8.1	0.0	107.2
Amortization/depreciation on intangible assets and property, plant and equipment before non-recurring items	25.9	20.3	6.8	0.0	53.0
Share in the net result of investments accounted for At-Equity	10.3	-	-	-	10.3
Working Capital <sup>3)</sup>	170.3	296.7	-21.4	0.0	445.6
Capital employed <sup>4)</sup>	592.1	548.9	102.6	0.0	1,243.6

€ million	CFM	GMS	Corporate	Consolidation adjustments	SGL Carbon
<b>Nine months 2018 - continuing operations</b>					
External sales revenue	323.9	436.8	25.6	0.0	786.3
Intersegment sales revenue	3.3	0.2	22.4	-25.9	0.0
<b>Total sales revenue</b>	<b>327.2</b>	<b>437.0</b>	<b>48.0</b>	<b>-25.9</b>	<b>786.3</b>
<b>Timing of revenue recognition</b>					
Products transferred at point in time	320.9	412.7	25.6	0.0	759.2
Products and services transferred over time	3.0	24.1			27.1
<b>Total sales revenue</b>	<b>323.9</b>	<b>436.8</b>	<b>25.6</b>	<b>0.0</b>	<b>786.3</b>
<b>Sales revenue by customer industry</b>					
Mobility	186.2	32.8	7.8	0.0	226.8
Energy	6.1	119.6	1.5	0.0	127.2
Industrial Applications	58.0	137.0	16.3	0.0	211.3
Chemicals	-	100.5	-	0.0	100.5
Digitization	-	46.9	-	0.0	46.9
Textile Fibers	73.6	-	-	0.0	73.6
<b>Total sales revenue</b>	<b>323.9</b>	<b>436.8</b>	<b>25.6</b>	<b>0.0</b>	<b>786.3</b>
Operating profit (EBIT) before non-recurring items (recurring EBIT)	20.9	59.5	-21.2		59.2
Non-recurring items <sup>1)</sup>	18.1	0.6	1.8		20.5
Operating loss/profit (EBIT) after non-recurring items	39.0	60.1	-19.4	0.0	79.7
Capital expenditures <sup>2)</sup>	8.3	24.9	5.5	0.0	38.7
Earnings before interest, taxes, depreciation and amortization (EBITDA) before non-recurring items	45.8	76.5	-16.6	0.0	105.7
Amortization/depreciation on intangible assets and property, plant and equipment	24.9	17.0	4.6	0.0	46.5
Share in the net result of investments accounted for At-Equity	12.7	-	-	-	12.7
Working Capital (31.12.) <sup>3)</sup>	158.5	262.9	-2.3	0.0	419.1
Capital employed (31.12.) <sup>4)</sup>	650.4	498.2	95.9	0.0	1,244.5

<sup>1)</sup> Non-recurring items comprise the impairment loss of €74.7 million as well as the carryforward of hidden reserves realized as part of the purchase price allocation of SGL Composites DE (former SGL ACF) and SGL Composites (former Benteler SGL) totaling minus €6.5, and income from the release of restructuring provisions of €0.2 million (9M/18: income from release of restructuring provisions of €0.8 million, income from business combination achieved in stages (SGL ACF) of €28.4 million, and the carrying forward of the purchase price allocation SGL ACF and Benteler of minus €8.7 million)

<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, trade receivables and contract assets 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

On October 14, 2019, the Supervisory Board of SGL Carbon SE decided to appoint Dr. Stephan Bühler as an additional member to the Board of Management effective October 15, 2019. He will be responsible for Legal and Compliance on a temporary basis until a new Chief Executive Officer has been appointed and taken office. Dr. Michael Majerus, who has been the sole member of the Board of Management of SGL Carbon SE since September 1, will run the Company as Spokesman of the Board of Management going forward.

Wiesbaden, November 5, 2019

SGL Carbon SE

The Board of Management of SGL Carbon

Dr. Michael Majerus

Dr. Stephan Bühler

# 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 5, 2019

SGL Carbon SE

The Board of Management

# Other information

## Sales Revenue and Operating Profit/Loss by Reporting Segment

€ million	Nine months			€ million	Nine months		
	2019	2018	Change		2019	2018	Change
<b>Sales revenue</b>				<b>EBIT before non-recurring items (recurring EBIT) <sup>1)</sup></b>			
Composites - Fibers & Materials	328.6	323.9	1.5%	Composites - Fibers & Materials	-1.8	20.9	< -100%
Graphite Materials & Systems	471.3	436.8	7.9%	Graphite Materials & Systems	70.9	59.5	19.2%
Corporate	32.5	25.6	27.0%	Corporate	-14.9	-21.2	29.7%
<b>SGL Carbon</b>	<b>832.4</b>	<b>786.3</b>	<b>5.9%</b>	<b>SGL Carbon</b>	<b>54.2</b>	<b>59.2</b>	<b>-8.4%</b>

<sup>1)</sup> Non-recurring items of minus €81.0 million and €20.5 million in the nine months of 2019 and 2018, respectively

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

€ million	2018					2019			
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q1-Q3
<b>Sales revenue</b>									
Composites - Fibers & Materials	115.0	108.7	100.2	98.6	422.5	115.0	104.4	109.2	328.6
Graphite Materials & Systems	140.1	147.9	148.8	153.1	589.9	164.2	156.8	150.3	471.3
Corporate	8.3	9.3	8.0	9.5	35.1	9.6	11.5	11.4	32.5
<b>SGL Carbon</b>	<b>263.4</b>	<b>265.9</b>	<b>257.0</b>	<b>261.2</b>	<b>1,047.5</b>	<b>288.8</b>	<b>272.7</b>	<b>270.9</b>	<b>832.4</b>

€ million	2018					2019			
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q1-Q3
<b>EBIT before non-recurring items (recurring EBIT) <sup>1)</sup></b>									
Composites - Fibers & Materials	9.3	8.0	3.6	-0.1	20.8	0.4	2.4	-4.6	-1.8
Graphite Materials & Systems	16.8	23.2	19.5	16.5	76.0	25.9	22.6	22.4	70.9
Corporate	-5.6	-7.5	-8.1	-11.0	-32.2	-7.6	-5.9	-1.4	-14.9
<b>SGL Carbon</b>	<b>20.5</b>	<b>23.7</b>	<b>15.0</b>	<b>5.4</b>	<b>64.6</b>	<b>18.7</b>	<b>19.1</b>	<b>16.4</b>	<b>54.2</b>

<sup>1)</sup> Non-recurring items of €16.3 million in 2018 and minus €81.0 million in the first nine months of 2019

## Quarterly Consolidated Income Statement

€ million	2018					2019			
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q1-Q3
<b>Sales revenue</b>	<b>263.4</b>	<b>265.9</b>	<b>257.0</b>	<b>261.2</b>	<b>1,047.5</b>	<b>288.8</b>	<b>272.7</b>	<b>270.9</b>	<b>832.4</b>
Cost of sales	-210.0	-203.0	-202.4	-212.5	-827.9	-226.5	-210.6	-217.1	-654.2
<b>Gross profit</b>	<b>53.4</b>	<b>62.9</b>	<b>54.6</b>	<b>48.7</b>	<b>219.6</b>	<b>62.3</b>	<b>62.1</b>	<b>53.8</b>	<b>178.2</b>
Selling, administrative, R&D and other operating income/expense	-37.0	-43.7	-43.7	-47.4	-171.8	-47.2	-45.7	-41.4	-134.3
Result from investments accounted for At-Equity	4.1	4.5	4.1	4.1	16.8	3.6	2.7	4.0	10.3
<b>Operating profit (EBIT) before non-recurring items (recurring EBIT)</b>	<b>20.5</b>	<b>23.7</b>	<b>15.0</b>	<b>5.4</b>	<b>64.6</b>	<b>18.7</b>	<b>19.1</b>	<b>16.4</b>	<b>54.2</b>
Impairment loss/ Fair value adjustment/Effects from purchase price allocations	26.7	-1.8	-5.2	-2.5	17.2	-2.6	-1.7	-76.9	-81.2
Restructuring expenses		1.9	-1.1	-1.7	-0.9	0.2	-0.2	0.2	0.2
<b>Operating loss/profit (EBIT)</b>	<b>47.2</b>	<b>23.8</b>	<b>8.7</b>	<b>1.2</b>	<b>80.9</b>	<b>16.3</b>	<b>17.2</b>	<b>-60.3</b>	<b>-26.8</b>
Net financing result	-7.0	-6.7	-7.6	-8.3	-29.6	-6.2	-12.5	-13.9	-32.6
<b>Result from continuing operations before income taxes</b>	<b>40.2</b>	<b>17.1</b>	<b>1.1</b>	<b>-7.1</b>	<b>51.3</b>	<b>10.1</b>	<b>4.7</b>	<b>-74.2</b>	<b>-59.4</b>
Income tax expense	-3.8	-1.9	-0.7	5.8	-0.6	-1.1	-3.2	-10.4	-14.7
<b>Result from continuing operations</b>	<b>36.4</b>	<b>15.2</b>	<b>0.4</b>	<b>-1.3</b>	<b>50.7</b>	<b>9.0</b>	<b>1.5</b>	<b>-84.6</b>	<b>-74.1</b>
Result from discontinued operations, net of income taxes	-4.2	0.2	0.0	-5.0	-9.0	0.0	-0.1	0.0	-0.1
<b>Net result for the period</b>	<b>32.2</b>	<b>15.4</b>	<b>0.4</b>	<b>-6.3</b>	<b>41.7</b>	<b>9.0</b>	<b>1.4</b>	<b>-84.6</b>	<b>-74.2</b>
Thereof attributable to:									
Non-controlling interests	0.0	0.3	0.0	0.1	0.4	0.1	0.2	0.0	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	-84.6	-74.5



## Financial Calendar 2020

### March 12, 2020

- Publication of Annual Report 2019
- Annual Press Conference
- Investor and analyst meeting (including conference call)

### April 22, 2020

- Annual General Meeting

### May 14, 2020

- Report on the First Quarter 2020
- Conference call for investors and analysts

### August 13, 2020

- Report on the First Half Year 2020
- Conference call for investors and analysts

### November 12, 2020

- Report on the Nine Months 2020
- Conference call for investors and analysts

## Investor Relations Contact

### **SGL CARBON SE**

Head Office | Investor Relations

Söhnleinstrasse 8

65201 Wiesbaden (Germany)

Telephone: 49 611 6029-103

Telefax: 49 611 6029-101

E-Mail: [Investor-Relations@sglcarbon.com](mailto:Investor-Relations@sglcarbon.com)

**[www.sglcarbon.com](http://www.sglcarbon.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 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.

**SGL Carbon SE**

Head Office | Investor Relations

Söhnleinstrasse 8

65201 Wiesbaden / Germany

Phone +49 611 6029-103

Fax +49 611 6029-101

[investor-relations@sglcarbon.com](mailto:investor-relations@sglcarbon.com)

[www.sglcarbon.com](http://www.sglcarbon.com)