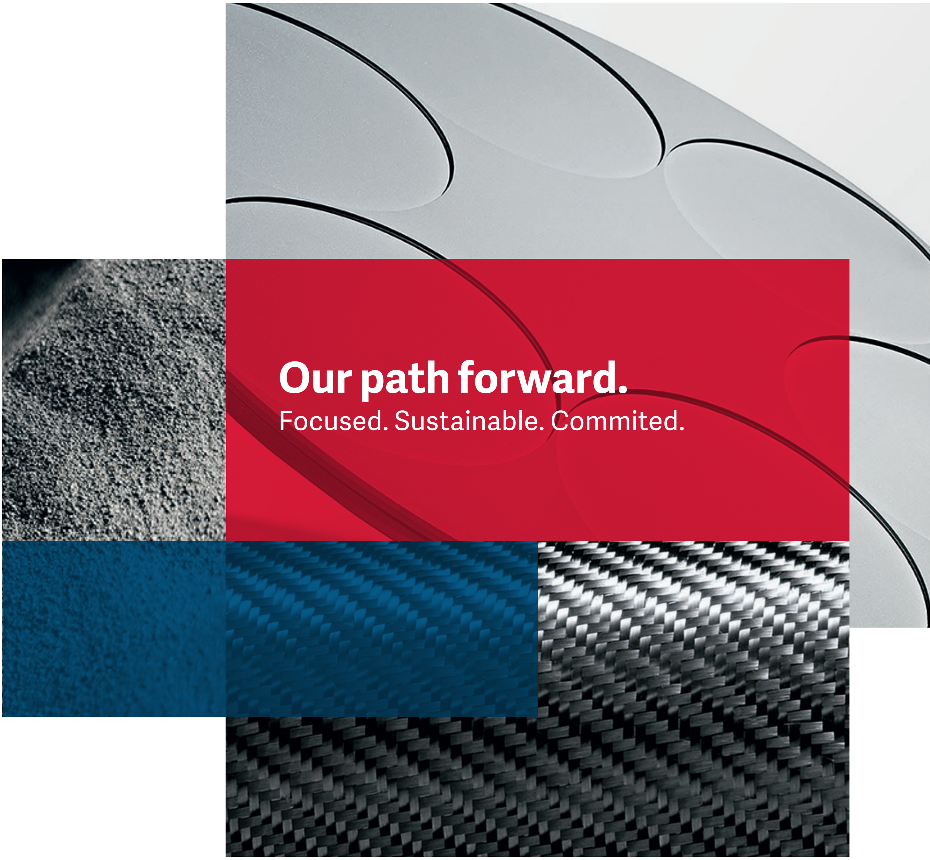
SGL GROUP
THE CARBON COMPANY



Report on the first quarter **2016**

Summary

- CFM generated highest quarterly result (EBIT of €8 million) since inception
- Adjusted for one-off effects in prior year GMS also posted higher EBIT
- Recurring Group EBIT minus €3 million in Q1/2016 (Q1/2015: €5 million) on lower Group sales of €295 million (Q1/2015: €315 million) due to price pressure in graphite electrodes
- Legal separation of the business unit PP and review of further measures proceeding according to accelerated schedule
- Guidance from March 2016 confirmed: substantially lower Group EBIT and Group EBITDA due to graphite electrode price pressure

Financial highlights (unaudited)

	1st Quarter		
€m	**2016**	2015	Change
Sales revenue	294.7	315.3	– 6.5%
EBITDA before non-recurring charges	15.3	26.6	– 42.5%
Operating result/EBIT before non-recurring charges	– 3.3	5.0	> – 100.0%
Return on sales (EBIT-margin)[1]	– 1.1%	1.6%	–
Return on capital employed ($ROCE_{EBITDA}$)[2]	7.7%	6.0%	–
EBIT	– 5.3	4.2	> – 100.0%
Consolidated net result (attributable to the shareholders of the parent company)	– 26.4	– 16.5	– 60.0%
Earnings per share – basic and diluted (in €)	– 0.29	– 0.18	– 61.1%
Earnings per share – continuing operations, basic and diluted (in €)	– 0.29	– 0.12	> – 100.0%

€m	**March 31, 2016**	Dec. 31, 2015	Change
Total assets	1,777.7	1,856.1	– 4.2%
Equity attributable to the shareholders of the parent company	242.0	289.3	– 16.3%
Net financial debt	589.6	534.2	10.4%
Gearing[3]	2.44	1.85	–
Equity ratio[4]	13.6%	15.6%	–

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

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

[3] Net financial debt divided by equity attributable to the shareholders of the parent company

[4] Equity attributable to the shareholders of the parent company divided by total assets

Table of contents

Interim Group Management Report
(unaudited)

Key events of the business development

Successful implementation of SGL2015 cost savings program

By the end of the reporting period, we were already able to achieve cumulative savings of €208 million in total. In the course of the year, the cumulative savings target of €240 million should be achieved (compared with 2012).

The cost savings program SGL2015 will be successfully completed this fiscal year. Therefore, we will disclose only the cost savings relating to our SGL Excellence initiative in the segment reporting from this report onwards.

Strategic realignment for the business unit PP

As repeatedly reported, most recently within the framework of our annual press conference in March 2016, we are within the accelerated timeline to legally separate our business unit PP within SGL Group by the middle of the year. This includes the legal separation of our business with cathodes, furnace linings and carbon electrodes in order to maximize our options. The concepts for the legal and organizational structure of the “new” PP are already in the process of being implemented.

The process of evaluating strategic options continues as planned. After mandating two investment banks, one law firm and one audit firm, the project team is complete. At end of April 2016, a comprehensive information package was distributed to numerous interested parties that had signed a confidentiality agreement.

Business development

Segment reporting

Reporting segment Composites – Fibers & Materials (CFM)

	1st Quarter		
€m	**2016**	2015	Change
Sales revenue	82.3	80.0	2.9%
EBITDA	12.7	3.2	> 100.0%
EBIT	7.8	– 0.4	> 100.0%
Return on sales	9.5%	– 0.5%	–

Since January 1, 2016, all activities relating to carbon fiber are being managed under one uniform leadership. Since our At-Equity accounted investments mainly concern activities in the carbon fiber value chain, the results from investments accounted for At-Equity will from the fiscal year 2016 onwards be allocated to the reporting segment CFM and reported within the EBIT line (previously reported separately below EBIT). This altered disclosure better reflects the operational character of the At-Equity accounted investments. Prior year figures were adjusted accordingly.

The two major At-Equity accounted investments are Ceramic Brake Discs (Brembo SGL; development and production of carbon ceramic brake discs in Italy and Germany) and Automotive Composites (Benteler SGL; development and production of CFRP components for the automotive industry in Germany and Austria).

Sales in the reporting segment Composites – Fibers & Materials increased by 3% to €82.3 million in the first quarter 2016 (Q1/2015: €80.0 million). Currency changes had no impact on the sales development. Sales growth was mainly driven by the structural effect relating to the inclusion of the materials business of HITCO as well as slightly higher volumes with automotive customers. As anticipated, prices in the acrylic fiber business developed in the opposite direction due to lower raw material costs.

Sales of all At-Equity accounted investments at €60.9 million in the first quarter 2016 remained on the prior year level (Q1/2015: €59.9 million, 100% values for companies) and is not included in our consolidated Group sales figure. Higher sales at Ceramic Brake Discs was almost entirely offset by the sales decline in the other At-Equity accounted investments.

Recurring EBIT in the first quarter 2016 improved significantly to €7.8 million compared to minus €0.4 million in the comparable period of the prior year, leading to an EBIT margin of 9.5% (Q1/2015: minus 0.5%). With this result, the business unit generated the highest quarterly earnings since its inception. As anticipated, the highest earnings increase was posted by SGL ACF, our joint ventures with BMW Group, mostly due to the higher productivity level.

The high level of capacity utilization in our own carbon fiber production facilities also had a positive effect on earnings. The materials business of HITCO as well as the At-Equity accounted investments also made a positive contribution to the results. Two large projects were invoiced in the materials business of HITCO, which is the reason why the very strong result in the first quarter 2016 cannot be extrapolated to the full year. The result from At-Equity accounted investments improved to €1.5 million in the reporting period compared to the prior year (€0.3 million). Business continued to develop favorably at Ceramic Brake Discs in the first quarter 2016, which more than compensated for the losses at Automotive Composites.

Cost savings from our SGL Excellence initiative amounted to €1.2 million in the reporting period.

Non-recurring charges relating to SGL2015 were neither incurred in the reporting period, nor in the prior year period in the reporting segment CFM.

Reporting segment Graphite Materials & Systems (GMS)

	1st Quarter		
€m	**2016**	2015	Change
Sales revenue	103.0	104.1	– 1.1%
EBITDA before non-recurring charges[1]	12.4	14.4	– 13.9%
EBIT before non-recurring charges[1]	7.0	8.9	– 21.3%
Return on sales	6.8%	8.5%	–
EBIT	6.8	8.9	– 23.6%

[1] Non-recurring charges of €0.2 million and €0.0 million in the first quarter 2016 and 2015, respectively

Sales in the reporting segment Graphite Materials & Systems at €103.0 million remained more or less on the same level as in the prior year period (Q1/2015: €104.1 million). Currency adjusted sales declined by 2%. The business in Europe and volume-wise also in Asia developed favorably, particularly with customers from the solar, LED, and semiconductor industries. In contrast, the North American business was negatively impacted by reduced demand from energy related industries due to the low crude oil price. Demand for our anode materials for the lithium ion battery industry developed at anticipated stable levels.

Recurring EBIT declined by 21% to €7.0 million (Q1/2015: €8.9 million) and is due to the non-recurrence of the positive one-off effects in the prior year (land sale and insurance compensations). Adjusted for these one-off effects, the operating result improved by €2 million in the first quarter 2016 due to cost savings. The EBIT margin amounted to 6.8% (Q1/2015: 8.5%).

Cost savings from our SGL Excellence initiative amounted to €1.9 million in the reporting period.

Non-recurring charges relating to SGL2015 of €0.2 million were incurred in the reporting period in the reporting segment GMS, mainly for personnel measures (Q1/2015: €0.0 million). Accordingly, EBIT after non-recurring charges amounted to €6.8 million in the first quarter 2016 (Q1/2015: €8.9 million).

Reporting segment Performance Products (PP)

	1st Quarter		
€m	**2016**	2015	Change
Sales revenue	107.2	128.3	– 16.4%
EBITDA before non-recurring charges[1]	– 2.1	18.6	> – 100.0%
EBIT before non-recurring charges[1]	– 8.8	8.2	> – 100.0%
Return on sales	– 8.2%	6.4%	–
EBIT	– 8.8	7.4	> – 100.0%

[1] Non-recurring charges of €0.0 million and €0.8 million in the first quarter 2016 and 2015, respectively

Overall, the electric steel industry continues to be impacted by a weak demand development, which is primarily attributable to the Chinese overproduction of steel in blast furnaces. Due to reduced domestic demand in China, this steel production is exported overseas at very low prices, which in turn results in low capacity utilization in these regions. The electric steel industry is particularly impacted due also to temporary cost disadvantages. This has had a direct adverse impact on graphite electrode demand.

Initial trends of stabilization in the steel markets have not yet provided relief on the tough price situation in graphite electrodes. The price drop in graphite electrodes observed in the fourth quarter 2015 has materially impacted sales and EBIT in the reporting quarter.

However, volumes in the graphite electrode business have stabilized in the reporting period, and even slightly increased compared to the prior year period. The business with cathodes, furnace linings and carbon electrodes has also developed well within our expectations. Especially the cathode business continues to benefit from a continued high utilization level. Nevertheless, sales in the reporting segment Performance Products decreased by 16% (currency adjusted 17%) to €107.2 million (Q1/2015: €128.3 million) mainly due to the reduced graphite electrode prices.

Recurring EBIT in the reporting period deteriorated substantially to minus €8.8 million due to the graphite electrode price development (Q1/2015: €8.2 million). Cost savings resulting from both raw material price developments as well as the cost savings program SGL2015 were unable to compensate for the price driven earnings decline. Accordingly, the EBIT margin in the reporting period declined significantly to minus 8.2% compared to the prior year period (Q1/2015: 6.4%). Savings from our SGL Excellence initiative as well as other measures amounted to €2.8 million in the first quarter 2016.

As previously reported, we terminated production in two graphite electrode facilities in the reporting segment PP in 2014 with a combined annual capacity of 60,000t p.a. in Lachute (Canada) and in Narni (Italy) in the context of our cost savings program SGL2015. With the renewed deterioration in conditions in the fourth quarter 2015, particularly in the electric steel markets, we publicly announced the closure of the German production facility in Frankfurt-Griesheim at the beginning of February 2016. Production has been terminated after the end of the quarter at the end of April 2016 and the site is expected to be vacated by the year-end 2016. With the closures of the three graphite electrode facilities in Canada, Italy and now Germany, we have adjusted our production network to the market developments. No restructuring charges were recorded in the reporting period (Q1/2015: minus €0.8 million). Accordingly, EBIT after non-recurring charges also amounted to minus €8.8 million in the first quarter 2016 (Q1/2015: €7.4 million).

Reporting segment T&I and Corporate

	1st Quarter		
€m	2016	2015	Change
Sales revenue	2.2	2.9	– 24.1%
EBITDA before non-recurring charges[1]	– 7.7	– 10.0	23.0%
EBIT before non-recurring charges[1]	– 9.3	– 11.7	20.5%
EBIT	– 11.1	– 11.7	5.1%

[1] Non-recurring charges of €1.8 million and €0.0 million in the first quarter 2016 and 2015, respectively

Recurring EBIT in the reporting segment T&I and Corporate improved by 20% to minus €9.3 million compared to the comparable period of the prior year (Q1/2015: minus €11.7 million) as a result of lower provisions for variable management remuneration components as well as general cost savings.

Non-recurring charges of €1.8 million were incurred in the first quarter 2016 in the reporting segment T&I and Corporate (Q1/2015: €0.0 million). Accordingly, EBIT after non-recurring charges amounted to minus €11.1 million in the reporting period (Q1/2015: minus €11.7 million).

Group business development

Condensed Consolidated Income Statement

	1st Quarter		
€m	2016	2015	Change
Sales revenue	**294.7**	**315.3**	**– 6.5%**
Cost of sales	– 244.5	– 259.4	5.7%
Gross profit	**50.2**	**55.9**	**– 10.2%**
Selling, administrative and R&D expense	– 62.2	– 61.3	– 1.5%
Other operating income/expense	7.2	10.5	– 31.4%
Result from investments accounted for At-Equity	1.5	– 0.1	> 100.0%
EBIT before non-recurring charges	**– 3.3**	**5.0**	**> – 100.0%**
Restructuring expenses	– 2.0	– 0.8	> – 100.0%
EBIT	**– 5.3**	**4.2**	**> – 100.0%**
EBITDA before non-recurring charges	**15.3**	**26.6**	**– 42.5%**

The 7% reduction in Group sales (no currency effect) compared to the prior year period is attributable to the significant sales decline in the reporting segment PP resulting from the adverse price development in graphite electrodes. Accordingly, the reporting segment PP's share in Group sales fell to 36% (Q1/2015: 41%). In comparison, cost of goods sold decreased by 5.7% compared to the prior year period particularly due to reduced raw material and energy costs.

Accordingly, gross margin was slightly lower at 17.1% compared to 17.7% in the prior year period.

Compared to the prior year, selling, administrative, and R&D expenses increased marginally to €62.2 million due to the impairment of a receivable relating to a Venezuelan customer as well as expenses in connection with the evaluation of strategic options for PP. Adjusted for these effects, selling, administrative, and R&D expenses decreased slightly. The balance of other income/expense decreased to €7.2 million after €10.5 million in the comparable period of the prior year, mainly due to the proceeds from a land sale and an insurance compensation payment in the first quarter 2015.

Since the beginning of the fiscal year 2016, the results from At-Equity accounted investments are reported in the EBIT line and allocated to the reporting segment CFM (previously reported in a separate line item below EBIT). This altered disclosure better reflects the operational character of the At-Equity accounted investments. Prior year figures were adjusted accordingly.

Recurring Group EBIT declined to minus €3.3 million in the reporting period after €5.0 million in the prior year period. Savings from our cost savings program SGL2015 amounted to €5.9 million in the Group, of which €4.9 million were attributable to our SGL Excellence initiative.

Non-recurring charges in the first quarter 2016 amounted to €2.0 million and relate mainly to restructuring expenses in the reporting segment T&I and Corporate. Non-recurring charges in the prior year period totaled €0.8 million. Accordingly, Group EBIT after non-recurring charges amounted to minus €5.3 million (Q1/2015: €4.2 million).

	1st Quarter		
€m	**2016**	2015	Change
EBIT	**– 5.3**	**4.2**	**> – 100.0%**
Net financing result	– 16.0	– 12.0	– 33.3%
Result from continuing operations before income taxes	**– 21.3**	**– 7.8**	**> – 100.0%**
Income tax expense	– 4.7	– 2.3	> – 100.0%
Result from continuing operations	**– 26.0**	**– 10.1**	**> – 100.0%**
Result from discontinued operations, net of income taxes	0.0	– 5.1	100.0%
Net result for the period	**– 26.0**	**– 15.2**	**– 71.1%**
Attributable to:			
Non-controlling interests	0.4	1.3	69.2%
Consolidated net result (attributable to the shareholders of the parent company)	– 26.4	– 16.5	– 60.0%
Earnings per share, basic and diluted (in €)	– 0.29	– 0.18	– 61.1%
Earnings per share continuing operations, basic and diluted (in €)	– 0.29	– 0.12	> – 100.0%

Net financing result

	1st Quarter		
€m	**2016**	2015	Change
Interest income	0.1	0.1	0.0%
Interest expense	– 7.5	– 7.1	– 5.6%
Imputed interest convertible bonds (non-cash)	– 2.0	– 2.2	9.1%
Imputed interest finance lease (non-cash)	– 0.3	– 0.3	0.0%
Interest expense on pensions	– 2.5	– 2.3	– 8.7%
Interest expense, net	**– 12.2**	**– 11.8**	**– 3.4%**
Amortization of refinancing costs (non-cash)	– 0.8	– 0.7	– 14.3%
Foreign currency valuation of Group loans (non-cash)	– 2.1	0.6	> – 100.0%
Other financial expense	– 0.9	– 0.1	> – 100.0%
Other financing result	**– 3.8**	**– 0.2**	**> – 100.0%**
Net financing result	**– 16.0**	**– 12.0**	**– 33.3%**

Interest expense related particularly to the 4.875% per annum cash coupon on the corporate bond as well as the 3.5% per annum and the 2.75% per annum cash coupons on the two convertible bonds 2015/2020 and 2012/2018, respectively. The non-cash imputed interest on the convertible bonds is recognized in order to adjust the coupon on the convertible bonds to comparable interest rates at the time of their issuance. The decline of the financial result compared to the prior year period is mainly the result of foreign currency effects on short term intercompany loans of minus €2.1 million (Q1/2015: €0.6 million) and the rise in other financial expenses by €0.8 million due to expenses in connection with financing activities (Q1/2015: €0.0 million).

Result from continuing operations before and after taxes

Due to the developments described above, the result from continuing operations before taxes declined from minus €7.8 million in the prior year period to minus €21.3 million in the reporting period. The result from discontinued operations of the previous period included income and expenses incurred by the business unit Aerostructures (HITCO). After consideration of income taxes of minus €4.7 million (Q1/2015: minus €2.3 million), the consolidated net result amounted to minus €26.4 million compared to minus €16.5 million in the first quarter 2015 (after consideration of non-controlling interests of €0.4 million and €1.3 million, respectively).

Balance sheet structure

€m	**March 31, 2016**	Dec. 31, 2015	Change
ASSETS			
Non-current assets	928.5	939.6	–1.2%
Current assets	835.0	901.8	–7.4%
Assets held for sale	14.2	14.7	–3.4%
Total assets	**1,777.7**	**1,856.1**	**–4.2%**
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company	242.0	289.3	–16.3%
Non-controlling interests	16.4	16.5	–0.6%
Total equity	**258.4**	**305.8**	**–15.5%**
Non-current liabilities	1,227.3	1,204.8	1.9%
Current liabilities	292.0	345.5	–15.5%
Total equity and liabilities	**1,777.7**	**1,856.1**	**–4.2%**

Total assets as of March 31, 2016, decreased by €78.4 million or 4% to €1,777.7 million compared to December 31, 2015. The decrease in total assets is primarily attributable to the reduction of liquidity by €62.4 million, and a decrease of fixed assets by €18.7 million due to the lower investment volume compared to depreciation. Currency effects had no material impact on total assets.

The increase in non-current liabilities results from the adjustment of the pension discount rate in Germany and the US by 0.50%-points to 1.75% and 0.25%-points to 4.0%, respectively, as a consequence of further reduced long-term interest rate levels. The discount rate adjustment resulted in an increase of this balance sheet item by €30.1 million.

The decrease in current liabilities by €53.5 million is mainly related to the reduction of trade accounts payable by €35.2 million to €127.7 million. Furthermore, the first of two installments of a liability due to the purchaser of HITCO's business with structural aircraft components (Aerostructures) outstanding as at year-end 2015, was paid during the reporting period as agreed.

Working capital

€m	**March 31, 2016**	Dec. 31, 2015	Change
Inventories	447.8	463.7	– 3.4%
Trade receivables	158.7	149.5	6.2%
Trade payables	– 127.7	– 162.9	21.6%
Working capital	**478.8**	**450.3**	**6.3%**

This decrease in inventories is essentially due to lower inventories in PP, arising from the sale of stock, adjustments to arrive at the net selling price as well as reduced purchase prices for raw materials. This was offset by a slight rise in trade receivables, whereas the the price-related decline of trade receivables in PP was more than compensated by higher trade receivables in GMS and CFM. Nevertheless, it was the significant reduction of trade payables during the first quarter 2016 that led to an increase of the working capital.

Changes in equity

As of March 31, 2016, equity attributable to the shareholders of the parent company amounted to €242.0 million (December 31, 2015: €289.3 million). The reduction is due to the negative consolidated net result of €26.4 million one the one hand, and the adjustment of the interest rate for pension provision calculations in Germany and the US on the other hand, which decreased equity by €20.7 million (after tax).

Overall, the equity ratio declined to 13.6% compared to 15.6% as of December 31, 2015.

Net financial debt

€m	**March 31, 2016**	Dec. 31, 2015	Change
Carrying amount of current and non-current financial liabilities	740.5	744.8	– 0.6%
Remaining imputed interest for the convertible bonds	26.7	28.6	– 6.6%
Accrued refinancing cost	10.8	11.6	– 6.9%
Total financial debt (nominal amount)	**778.0**	**785.0**	**– 0.9%**
Time deposits	16.0	14.0	14.3%
Cash and cash equivalents	172.4	236.8	– 27.2%
Total liquidity	**188.4**	**250.8**	**– 24.9%**
Net financial debt	**589.6**	**534.2**	**10.4%**
thereof: SGL ACF			
Non-current financial liabilities	118.3	125.4	– 5.7%
Cash and cash equivalents	6.7	9.9	– 32.3%
Net financial debt SGL ACF	111.6	115.5	– 3.4%
Net financial debt without SGL ACF	**478.0**	**418.7**	**14.2%**

The financial debt mainly includes our corporate bond, the convertible bonds and the netted amounts of the remaining imputed interest component and the refinancing costs.

As of March 31, 2016, net debt increased by €55.4 million or 10% to €589.6 million. This development is mainly attributable to the decrease in liquidity by €62.4 million. This change primarily resulted from the buildup of working capital due to the decrease in trade payables, as well as to one-time cash outflows in connection with the partial payment of the negative purchase price for HITCO's business with structured aircraft components (Aerostructures).

Free cash flow

	1st Quarter	
€m	**2016**	2015
Cash flow from operating activities		
Result from continuing operations before income taxes	– 21.3	– 7.8
Non-recurring charges	2.0	0.8
Depreciation and amortization expense	18.7	21.6
Changes in working capital (net)	– 32.4	– 49.2
Miscellaneous items	– 8.4	– 39.7
Cash flow from operating activities-continuing operations	**– 41.4**	**– 74.3**
Cash flow from investing activities		
Payments to purchase intangible assets and property and plant and equipment (without SGL ACF)	– 6.2	– 7.1
Payments to purchase intangible assets and property, plant and equipment (SGL ACF)	– 0.5	– 6.1
Proceeds from sale of intangible assets and property, plant & equipment	1.1	2.8
Dividend payments from investments accounted for At-Equity	3.0	7.0
Payments for capital contributions concerning investments accounted for At-Equity and payments for other financial assets	– 2.0	– 0.4
Cash flow from investing activities-continuing operations	**– 4.6**	**– 3.8**
Free cash flow [1]	*– 46.0*	*– 78.1*

[1] Defined as cash flow from operating activities minus cash flow from investing activities (continuing operations)

Despite a considerable decrease of the result from continuing operations, cash flow from operating activities – continuing operations – improved to minus €41.4 million in the first quarter 2016 after minus €74.3 million in the prior year period. This development is attributable to the cash effects of unwinding USD currency hedges included in the line item "miscellaneous items" in the first quarter 2015 associated with the impairment of HITCO's assets, as well as to the lower buildup of working capital in the first quarter 2016 compared to the prior year period.

Total free cash flow in the reporting period improved to minus €46.0 million compared to the prior year period (Q1/2015: minus €78.1 million).

Free cash flow from discontinued operations amounted to minus €12.9 million in the reporting period (Q1/2015: minus €13.3 million) and comprised the payment of the first of two installments of a liability due to the purchaser of HITCO's business with structural aircraft components (Aerostructures).

Employees

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

Headcount	March 31, 2016	Dec. 31, 2015	Change
Composites – Fibers & Materials	1,146	1,148	–0.2%
Graphite Materials & Systems	2,479	2,504	–1.0%
Performance Products	1,823	1,845	–1.2%
T&I and Corporate	158	161	–1.9%
Total SGL Group	**5,606**	**5,658**	**–0.9%**

Headcount	March 31, 2016	Dec. 31, 2015	Change
Germany	2,148	2,165	–0.8%
Europe excluding Germany	1,901	1,893	0.4%
North America	899	914	–1.6%
Asia	658	686	–4.1%
Total SGL Group	**5,606**	**5,658**	–0.9%

The number of employees in our continuing businesses amounted to 5,606 as of March 31, 2016 (December 31, 2015: 5,658). The reduction of 52 employees in the first quarter 2016 reflects continuing effects from the implementation of SGL2015 measures.

Compared to the year-end 2012 (6,686 employees), which is the starting point of our cost savings program SGL2015, the number of SGL Group employees (excluding SGL ACF) decreased by 1,284, of which 339 relate to the sale of our rotor blades activities, 398 to the the sale of Aerostructures and the remainder to the ongoing organizational and asset restructuring measures.

Opportunities and risks

Regarding existing opportunities and risks, we refer to the annual report for the financial year ended December 31, 2015, as well as to the Management Report of this interim report.

Opportunities might result from a more positive development of the global economy and our customer industries. The successful implementation of the SGL2015 cost savings program also offers favorable opportunities for our Company. Our competitive position will be strengthened by an improved cost position, lean administrative structures together with more efficient and adapted production capacities. In addition, we see considerable opportunities in the growing usage of carbon fiber composite materials in the automotive industry, which can significantly improve our mid-term earnings expectations. We also see good growth opportunities for our anode materials for lithium ion batteries. Additional opportunities could result from a further devaluation of the Euro against the US dollar. A possible market consolidation in the graphite electrode industry offers the opportunity to reduce the imbalance between supply and demand and thus, to increase the returns for the remaining market participants. The implementation of resp. the increase in import tariffs in the steel industry could also impact our business positively. First signs of recovery in the raw materials markets may directly or indirectly support a strengthening of margins.

At present stage, we continue to see risks in competitive behavior, the supply and demand development and regional and global economic trends. The continuing problems resulting from the sovereign debt crisis in various regions in the world can increase the volatility and uncertainty in the global capital markets. Governmental policy-driven regulatory measures in relation to tax increases and public spending cuts can negatively affect our business. The economic and political developments in China might have a considerable impact on the demand of our customers' businesses. The situation in crisis areas, as well as the unstable political situation in the Near and Middle East regions could also result in a negative impact. Exchange rate fluctuations could increase competitive pressures. In addition, the financial situation of some of our customers could be negatively impacted by the risks described above.

The risk situation in the reporting segment Composites – Fibers & Materials continues to arise from the unstable demand for industrial carbon fibers. Risks can arise from sluggish growth, the reliability of supplies of certain raw materials and the achievement of specific customer quality requirements. We continue to believe that the fundamental medium to long term growth trends for lightweight materials, particularly in the automobile sector, will remain.

In the graphite specialties businesses of our reporting segment Graphite Materials & Systems we face cyclical demand fluctuations and overcapacities in some markets. This results in profit contribution risks for individual products, customer industries as well as within various regions. The apparatus engineering business is faced with intensive competition for only few large projects.

In the reporting segment Performance Products, prices for graphite electrodes have continuously deteriorated since the middle of 2013. Once again, in 2015, steel exports from China further increased, leading to decreased electric steel production and, ultimately, to declining demand of graphite electrodes. This means the overcapacity situation in the graphite electrode business is intensifying. The legal separation of the reporting segment PP and the realignment bear risks relating to the timely implementation of the restructuring measures.

A further weakening of our business might lead to impairments of non-current assets in some business units.

The financing agreements of SGL Group contain contractually agreed covenants that regulate compliance with specific financial ratios during the terms. There is a possibility that we may not achieve some of the relevant financial covenants in the following quarters if the difficult business conditions persist.

Based on the information available at the present time, in our opinion there are no material individual risks that could jeopardize sustainably the business as a going concern. Even if the individual risks are viewed on an aggregated basis, they currently do not threaten the going concern of SGL Group.

Outlook

Reporting segment Composites – Fibers & Materials (CFM)

In our reporting segment Composites – Fibers & Materials (CFM), we expect sales to remain close to stable. We expect solid demand particularly from the automotive industry. Sales of our acrylic fiber business should develop in the opposite direction, since the price of acrylic fiber closely correlates with that of crude oil.

EBIT for this business unit is expected to improve substantially due to higher delivery volumes and cost savings. However, it has to be noted that the very good result of the reporting quarter, which was especially boosted by high invoicing in HITCO’s materials business, cannot be extrapolated to the full year.

Reporting segment Graphite Materials & Systems (GMS)

Despite the restrained order intake activity in the reporting quarter, we anticipate a slight increase in sales in our reporting segment Graphite Materials & Systems (GMS). Volume demand improvement continues to be expected from the solar, semiconductor, and LED industries, partially to be offset by price decreases. The energy related industries especially in North America should continue to show a weaker development due to the low oil price and restrained expectations for economic growth. The anode material business for the lithium ion battery industry is developing at anticipated stable levels.

Recurring EBIT is expected to improve slightly despite the non-recurrence of the positive one-off effects of the prior year due to the anticipated higher volume demand in most businesses particularly in the second half year as well as cost savings. This development should allow us to once again approach our target ROCE (ratio of EBITDA to capital employed) of 15%.

Reporting segment Performance Products (PP)

Due to the renewed deterioration of the steel markets during the fourth quarter of 2015, which is reflected in the subdued forecasts for global steel production and consumption, we anticipate demand in our graphite electrode business to remain at a relatively stable, albeit low level in 2016 with continued price decreases. At this point in time it is not yet possible to determine, if and when the upcoming changes in the steel markets with the announced steel capacity cuts in China will lead to a sustainable improvement in the short term in the business conditions for graphite electrodes.

In contrast, we expect our business in cathodes, furnace linings, and carbon electrodes to continue to perform well, although it will not be sufficient to compensate for the negative effect of a further drop in graphite electrode prices. Overall, we anticipate a low double-digit percentage decrease in sales in our reporting segment Performance Products.

Despite the cost reductions achieved through SGL2015 and the ongoing adaption of the business model, the closure of our site in Frankfurt-Griesheim, and expected reductions in the cost of raw materials, we currently expect negative EBIT before non-recurring charges in the mid double-digit million euro range.

T&I and Corporate

Expenses for T&I and Corporate in 2016 are expected above the prior year level mainly due to the non-recurrence of extraordinary income from the disposal of non-operating assets, which reduced the expenses in the prior year. In addition, expenses for strategy and efficiency projects are expected to remain on a higher level, particularly relating to the review of strategic alternatives for the business unit PP, which we are pursuing with external consultants. Expenses for our centralized R&D activities as well as for general corporate purposes are expected on the level of the prior year.

Group

Due to the developments described above we confirm the Group outlook which we published in March 2016 with the annual report. We continue to expect Group sales to decline slightly in 2016 due to renewed price pressure in our graphite electrode business, which is also the reason that Group EBITDA and Group EBIT (both before non-recurring charges) are expected to decrease significantly. In contrast, we expect earnings to improve in our business units GMS and CFM.

Our SGL2015 cost savings program will be successfully concluded in this fiscal year. By the end of the reporting quarter, cumulative savings totaling €208 million had already been realized. The cumulative savings target of €240 million is expected to be reached in the course of 2016 (compared to the base year 2012 which included losses from HITCO and SGL Rotec amounting to €15 million in total, which is part of the overall savings target of €240 million). SGL2015 will not generate major expenses during the current fiscal year; a small remaining amount will be cash effective in 2016 since certain restructuring measures impact cash with some delay.

We are now focusing on adapting our business models. In our business unit PP, our business model is being adapted to commodity markets and corresponding cost and process structures are being created. Following the further deterioration of the steel markets, we decided to close an additional site in Frankfurt-Griesheim, Germany. Most of the €63 million charges incurred in this connection were recognized in the 2015 financial statements; approximately one-third of that amount will be cash effective in 2016. As a result of these two measures, we anticipate additional annual savings of up to €30 million from the fiscal year 2018 onwards, approximately half of which will already be effective in this fiscal year. The processes and business models in our business units GMS and CFM are also being adapted in order to reach our stated target of organic sales growth of 50% by the year 2020 (based on 2014). We do not anticipate any significant cash outflows in this connection.

The Group's financing requirements are determined by the strategic business plans of our operating business units, which are reviewed annually based on the new projections. In the fall of 2015, we issued a new convertible bond in the amount of €167 million (maturing in 2020), and with the proceeds we redeemed a bond that was due to mature in June 2016 ahead of its maturity date by repaying the outstanding amount of €134 million, improving our maturity structure in the process.

This means that the first repayment obligation for one of our financial instruments relates to the convertible bond issued in 2012, which is not due until January 2018. Liquidity of €188.4 million as of March 30, 2016, is more than sufficient to cover our operating financing requirements for fiscal year 2016. We also have an undrawn €200 million credit line at our disposal.

Overall, net financial debt will be significantly higher at year-end 2016 than at year-end 2015, the main reason being the lower operating result and the non-recurring charges caused by restructuring measures (in particular the closure of our graphite electrode site in Frankfurt-Griesheim).

Since a number of long-term expansion projects in all of our established businesses have either been essentially completed or are at the end of their investment phase, investment requirements have declined since 2013 compared with prior years. Given the weak earnings situation, we will additionally curtail our expenses further. Accordingly, for the year 2016, we anticipate substantially lower capital expenditure on property, plant and equipment than in the prior year, remaining significantly below the level of depreciation.

Wiesbaden, May 12, 2016

SGL Carbon SE
The Board of Management

Condensed Consolidated Interim Financial Statements
(unaudited)

Consolidated Income Statement

	1st Quarter		
	2016	2015	Change
Sales revenue	**294.7**	**315.3**	**– 6.5%**
Cost of sales	– 244.5	– 259.4	5.7%
Gross profit	**50.2**	**55.9**	**– 10.2%**
Selling expenses	– 35.7	– 36.2	1.4%
Research and development costs	– 10.0	– 9.3	– 7.5%
General and administrative expenses	– 16.5	– 15.8	– 4.4%
Other operating income	12.8	20.2	– 36.6%
Other operating expenses	– 5.6	– 9.7	42.3%
Result from investments accounted for At-Equity	1.5	– 0.1	> 100.0%
Restructuring expenses	– 2.0	– 0.8	> – 100.0%
Operating result	**– 5.3**	**4.2**	**> – 100.0%**
Interest income	0.1	0.1	0.0%
Interest expense	– 12.3	– 11.9	– 3.4%
Other financing result	– 3.8	– 0.2	> – 100.0%
Result from continuing operations before income taxes	**– 21.3**	**– 7.8**	**> – 100.0%**
Income tax expense	– 4.7	– 2.3	> – 100.0%
Result from continuing operations	**– 26.0**	**– 10.1**	**> – 100.0%**
Result from discontinued operations, net of income taxes	0.0	– 5.1	100.0%
Net result for the period	**– 26.0**	**– 15.2**	**– 71.1%**
Attributable to:			
Non-controlling interests	0.4	1.3	69.2%
Consolidated net result (attributable to the shareholders of the parent company)	– 26.4	– 16.5	– 60.0%
Earnings per share, basic and diluted (in €)	– 0.29	– 0.18	– 61.1%
Earnings per share – continuing operations, basic and diluted (in €)	– 0.29	– 0.12	> – 100.0%

Consolidated Statement of Comprehensive Income

	1st Quarter	
€m	**2016**	2015
Net result for the period	**– 26.0**	**– 15.2**
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges[1]	0.1	– 1.7
Currency translation	– 0.2	26.3
Items that will not be reclassified to profit or loss		
Actuarial losses on defined benefit plans and similar obligations[2]	– 20.7	– 20.4
Other comprehensive income	**– 20.8**	**4.2**
Comprehensive income	**– 46.8**	**– 11.0**
Attributable to:		
Non-controlling interests	0.3	2.1
Consolidated net result (attributable to the shareholders of the parent company)	– 47.1	– 13.1

[1] Includes tax effects of minus €0.1 million (2015: €1.1 million) in the first quarter

[2] Includes tax effects of €9.4 million (2015: €8.5 million) in the first quarter

Consolidated Balance Sheet

ASSETS €m	March 31, 2016	Dec. 31, 2015	Change
Non-current assets			
Goodwill	22.1	22.9	– 3.5%
Other intangible assets	20.0	20.8	– 3.8%
Property, plant and equipment	772.5	789.6	– 2.2%
Investments accounted for At-Equity	35.5	35.0	1.4%
Other non-currents assets	8.3	8.3	0.0%
Deferred tax assets	70.1	63.0	11.3%
	928.5	**939.6**	**– 1.2%**
Current assets			
Inventories	447.8	463.7	– 3.4%
Trade receivables	158.7	149.5	6.2%
Other receivables and other assets	40.1	37.8	6.1%
Liquidity	188.4	250.8	– 24.9%
Time deposits	*16.0*	*14.0*	*14.3%*
Cash and cash equivalents	*172.4*	*236.8*	*– 27.2%*
	835.0	**901.8**	**– 7.4%**
Assets held for sale	**14.2**	**14.7**	**– 3.4%**
Total assets	**1,777.7**	**1,856.1**	**– 4.2%**

EQUITY AND LIABILITIES €m	March 31, 2016	Dec. 31, 2015	Change
Equity			
Issued capital	236.4	235.0	0.6%
Capital reserves	936.1	937.7	– 0.2%
Accumulated losses	– 930.5	– 883.4	– 5.3%
Equity attributable to the shareholders of the parent company	**242.0**	**289.3**	**– 16.3%**
Non-controlling interests	16.4	16.5	– 0.6%
Total equity	**258.4**	**305.8**	**– 15.5%**
Non-current liabilities			
Provisons for pensions and similar employee benefits	407.6	380.2	7.2%
Other provisions	29.5	30.1	– 2.0%
Interest-bearing loans	737.9	742.2	– 0.6%
Other liabilities	52.3	52.3	0.0%
	1,227.3	**1,204.8**	**1.9%**
Current liabilities			
Other provisions	115.8	125.5	– 7.7%
Current portion of interest-bearing loans	2.6	2.6	0.0%
Trade payables	127.7	162.9	– 21.6%
Other liabilities	45.9	54.5	– 15.8%
	292.0	**345.5**	**– 15.5%**
Total equity and liabilities	**1,777.7**	**1,856.1**	**– 4.2%**

Consolidated Cash Flow Statement

	1st Quarter	
€m	**2016**	2015
Cash flow from operating activities		
Result from continuing operations before income taxes	– 21.3	– 7.8
Adjustments to reconcile the result from continuing operations to cash flow from operating activities:		
Interest expense (net)	12.2	11.8
Gain on disposal of property, plant and equipment	– 0.9	– 2.7
Depreciation/amortization expense	18.7	21.6
Restructuring expenses	2.0	0.8
Result from investments accounted for At-Equity	– 1.5	0.1
Amortization of refinancing costs	0.8	0.7
Interest received	0.1	0.1
Interest paid	– 13.8	– 10.1
Income taxes paid	– 2.7	– 2.8
Changes in provisions, net	– 10.9	– 11.6
Changes in working capital		
Inventories	11.9	– 16.2
Trade receivables	– 11.0	– 2.1
Trade payables	– 33.3	– 30.9
Changes in other operating assets/liabilities	8.3	– 25.2
Cash flow from operating activities – continuing operations	**– 41.4**	**– 74.3**
Cash flow from operating activities – discontinued operations	0.0	– 12.1
Cash flow from operating activities – continuing and discontinued operations	**– 41.4**	**– 86.4**

	1st Quarter	
€m	**2016**	2015
Cash flow from investing activities		
Payments to purchase intangible assets and property, plant and equipment	– 6.7	– 13.2
Proceeds from the sale of intangible assets and property, plant & equipment	1.1	2.8
Dividend payments from investments accounted for At-Equity	3.0	7.0
Payments for capital contributions concerning investments accounted for At-Equity and investments in other financial assets	– 2.0	– 0.4
Cash flow from investing activities – continuing operations	**– 4.6**	**– 3.8**
Changes in time deposits	– 2.0	0.0
Cash flow from investing activities and cash management activities – continuing operations	**– 6.6**	**– 3.8**
Cash flow from investing activities and cash management activities – discontinued operations	– 12.9	– 1.2
Cash flow from investing and cash management activities – continuing and discontinued operations	**– 19.5**	**– 5.0**
Cash flow from financing activities		
Proceeds from issuance of financial liabilities	0.0	9.1
Repayment of financial liabilities	– 2.3	0.0
Payments in connection with financing activities	– 0.8	– 0.5
Cash flow from financing activities – continuing and discontinued operations	**– 3.1**	**8.6**
Effect of foreign exchange rate changes	– 0.4	1.4
Net change in cash and cash equivalents	**– 64.4**	**– 81.4**
Cash and cash equivalents at beginning of period	236.8	307.0
Cash and cash equivalents at end of period	**172.4**	**225.6**
Time deposits	16.0	40.6
Total liquidity	**188.4**	**266.2**

Condensed Consolidated Statement of Changes in Equity

	1st Quarter 2016		
€m	Equity attributable to the share-holders of the parent company	Non-controlling interests	**Total equity**
Balance at January 1,	**289.3**	**16.5**	**305.8**
Capital change from share-based payment plans	**–0.2**	**0.0**	**–0.2**
Result for the period	–26.4	0.4	–26.0
Other comprehensive income	–20.7	–0.1	–20.8
Total comprehensive income	**–47.1**	**0.3**	**–46.8**
Other changes in equity[1]	0.0	–0.4	–0.4
Balance at March 31,	**242.0**	**16.4**	**258.4**

	1st Quarter 2015		
€m	Equity attributable to the share-holders of the parent company	Non-controlling interests	**Total equity**
Balance at January 1,	**567.6**	**17.1**	**584.7**
Capital increase from share-based payment plans	**2.7**	**0.0**	**2.7**
Dividends	**0.0**	**–0.7**	**–0.7**
Result for the period	–16.5	1.3	–15.2
Other comprehensive income	3.4	0.8	4.2
Total comprehensive income	**–13.1**	**2.1**	**–11.0**
Other changes in equity[1]	0.0	–0.3	–0.3
Balance at March 31,	**557.2**	**18.2**	**575.4**

[1] In particular in connection with non-controlling interests in subsidiary partnerships

Notes to the Condensed Consolidated Interim Financial Statements

Description of business

SGL Carbon SE, located at Söhnleinstrasse 8, Wiesbaden (Germany), together with its subsidiaries (the Company or SGL Group) is a global manufacturer of carbon and graphite products.

Basis of preparation and accounting policies

The condensed consolidated interim financial statements of SGL Group have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting as issued by the International Accounting Standards Board and as adopted by the European Union (EU) and should be read in conjunction with the SGL Group Consolidated Financial Statements as of December 31, 2015. The condensed consolidated interim financial statements as of March 31, 2016 apply the same accounting principles and practices as those used in the 2015 annual financial statements with exception of the reclassification of the At-Equity result as part of income from operations (EBIT).

The changed presentation in income from operations reflects the operational character of the investments accounted for At-Equity.

These condensed consolidated interim financial statements contain all of the information that is required for a fair presentation of the results of operations and the financial position of the Group.

The condensed consolidated interim financial statements were authorized for publication in accordance with a resolution of the Board of Management on May 12, 2016. The Interim Financial Statements and Interim Group Management Report have been neither audited nor been subject to an auditor’s review.

Changes to the scope of consolidation

There were no changes to the scope of consolidation as of March 31, 2016, compared to December 31, 2015.

Discontinued operations pursuant to IFRS 5

Income and expenses incurred by the business unit Aerostructures (AS, HITCO) are reported separately under discontinued operations:

Result from discontinued operations

	1st Quarter	
€m	**2016**	2015
Total revenue from discontinued operations	0.0	23.8
Total expenses from discontinued operations	0.0	– 29.2
Result from operating activities of discontinued operations, before income taxes	**0.0**	**– 5.4**
Attributable tax income/expense	0.0	– 0.3
Result from operating activities of discontinued operations, net of tax	**0.0**	**– 5.1**
Result from discontinued operations	**0.0**	**– 5.1**
Earnings per share – discontinued operations – basic and diluted in €	0.00	– 0.06

Pension Obligations

During the reporting period, SGL Group adjusted the pension discount rate in Germany and the US by 0.50%-points and 0.25%-points, respectively, as a consequence of decreased long-term interest rate levels. As of March 31, 2016, the discount rates are 1.75% in Germany (Dec 31, 2015: 2.25%) and 4.0% in USA (Dec 31, 2015: 4.25%). The discount rate adjustment resulted in actuarial losses of €30.1 million and a corresponding opposing deferred tax effect of €9.4 million, which have been included in other comprehensive income in the first quarter 2016, thereby decreasing equity by €20.7 million.

Other disclosures

Investments accounted for At-Equity

Main joint ventures accounted for At-Equity particularly comprise: Brembo SGL Carbon Ceramic Brakes S.p.A (Ceramic Brake Disks), Stezzano, Italy, which is operated together with Brembo and produces and develops carbon ceramic brake discs, as well as Benteler SGL GmbH & Co. KG (Automotive Composites), Paderborn, Germany, operated together with Benteler and develops the use of CFRP components in the automotive industry. SGL Group holds a share of 50% in each of these companies. The table below provides summarized financial information for all investments accounted for At-Equity, as reported in their respective financial statements.

€m	1st Quarter 2016	2015
Income Statement		
Sales revenue	60.9	60.5
Operating profit/loss	6.7	2.7
Financing result	– 0.4	– 0.4
Net result for the period (100%)	3.2	0.6
Share of SGL Group in the net result for the period	1.6	0.3
Balance sheet	**March 31, 2016**	Dec. 31, 2015
Non-current assets	109.2	108.4
Current assets	91.9	93.6
thereof cash and cash equivalents	23.8	28.3
Non-current liabilities	65.4	68.5
thereof financial liabilities	57.6	60.3
Current liabilities	67.3	67.4
thereof financial liabilities	14.4	18.3
Net assets (100%)	**68.4**	**66.1**

Investments accounted for At-Equity (Share of SGL Group)

€m	1st Quarter 2016	2015
Carrying amount – beginning of year	**35.0**	**41.7**
Share in net result of the period	1.6	0.3
Other adjustments affecting other comprehensive income	0.0	– 0.1
Total comprehensive income of the companies	**1.6**	**0.2**
Capital measures/dividends/other adjustments	– 1.0	– 7.0
Other adjustments affecting profit and loss	– 0.1	0.1
Carrying amount – end of period	**35.5**	**35.0**

Additional disclosures on financial instruments

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

€m
Financial assets
Cash and cash equivalents
Time deposits
Trade receivables
Available-for-sale financial assets
Other fianancial assets
Derivative financial assets
Derivatives without a hedging relationship[1]
Derivatives with a hedging relationship
Financial liabilities
Corporate bond
Convertible bonds
Bank loans, overdrafts and other financial liabilities
Refinancing costs
Finance lease liabilities
Trade payables
Miscellaneous other financial liabilities
Derivative financial liabilities
Derivatives without a hedging relationship[2]
Derivatives with a hedging relationship
Thereof aggregated by measurement category in accordance with IAS 39
1) Loans and receivables
2) Available-for-sale financial assets
3) Financial assets held for trading
4) Financial liabilities measured at amortized cost
5) Financial liabilities held for trading

[1] Thereof €0.2 million (2015: €0.1 million), classified as cash flow hedges prior to the settlement of the hedged item or for hedging of intercompany loans in foreign currency

[2] Thereof €0.7 million (2015: €0.7 million), classified as cash flow hedges prior to the settlement of the hedged item or for hedging of intercompany loans in foreign currency

n/a = not applicable

	Measurement category under IAS 39	**Carrying amount as of March 31, 2016**	Amortized costs	Fair value through equity	Fair value through profit and loss	Carrying amount under IAS 17	Carrying amount as of Dec. 31, 2015
	1)	172.4	172.4				236.8
	1)	16.0	16.0				14.0
	1)	158.7	158.7				149.5
	2)	5.5		5.5			5.5
	1)	1.9	1.9				1.8
	3)	0.2			0.2		0.1
	n.a.	0.5		0.5			0.1
	4)	250.0	250.0				250.0
	4)	380.3	380.3				378.4
	4)	121.0	121.0				128.0
	4)	-10.8	-10.8				– 11.6
	n.a.	20.7				20.7	20.6
	4)	127.7	127.7				162.9
	4)	31.6	31.6				45.1
	5)	0.7			0.7		0.7
	n.a.	1.2		1.2			1.2
		349.0	349.0				402.1
		5.5		5.5			5.5
		0.2			0.2		0.1
		899.8	899.8				952.8
		0.7			0.7		0.7

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:

	March 31, 2016			
	Level 1	Level 2	Level 3	Total
Available for sale financial assets	5.5	–	–	5.5
Derivative financial assets	–	0.7	–	0.7
Derivative financial liabilities	–	1.9	–	1.9

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Available for sale financial assets	5.5	–	–	5.5
Derivative financial assets	–	0.2	–	0.2
Derivative financial liabilities	–	1.9	–	1.9

The fair value of the corporate bond recorded at amortized costs was €245.6 million as of March 31, 2016 (December 31, 2015: €247.7 million). The fair market value of the convertible bonds 2012/2018 and 2015/2020 as of March 31, 2016, was €212.3 million (December 31, 2015: €221.8 million) and €134.4 million (December 31, 2015: €152.1 million), respectively.

Seasonality of operations

Customer order patterns within the segments GMS and CFM primarily follow overall global trends (e. g. for lightweight materials) and depend on the availability in connection with the pricing of such materials. The overall economic environment is usually a first indicator for any developments in the customers' demand. In addition, individual large projects can significantly impact the business development and overlap regular seasonality.

In PP, our sales revenue fluctuates from quarter to quarter due to factors related to our customers' businesses (production capacity utilization, inventory levels, development of energy costs, closure of production facilities, etc.). In addition, customers may change their order patterns in response to price changes. For example, customers tend to reduce their demand during the period prior to the effective date of a price decrease (and vice versa).

Other additional information

Issued capital rose to €236.4 million as of March 31, 2016 (December 31, 2015: €235.0 million), and is divided into 92,341,478 no-par value ordinary bearer shares at €2.56 per share. During the first quarter 2016, a total of 444,499 new shares were issued to employees under the employee bonus plan and 19,976 shares were used to service the entitlements of the participants of the Matching Share Plan. No new SARs from the Stock Appreciation Rights or new matching shares were granted. As of March 31, 2016, there were 2,712,331 SARs, and no matching shares outstanding. SGL Carbon SE held a total of 70,501 of its own shares (treasury shares) as of March 31, 2016. Based on an average number of 91.8 million shares, basic earnings per share amounted to minus €0.29 (Q1/2015: minus €0.12 for continuing operations based on 91.5 million shares).

Subsequent events

None.

Wiesbaden, May 12, 2016

SGL Carbon SE
The Board of Management

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

	1st Quarter		
€m	**2016**	2015	Change
Sales revenue			
Composites – Fibers & Materials	82.3	80.0	2.9%
Graphite Materials & Systems	103.0	104.1	– 1.1%
Performance Products	107.2	128.3	– 16.4%
T&I and Corporate	2.2	2.9	– 24.1%
SGL Group	**294.7**	**315.3**	**– 6.5%**

	1st Quarter		
€m	**2016**	2015	Change
EBIT before non-recurring charges[1]			
Composites – Fibers & Materials[2]	7.8	– 0.4	> 100.0%
Graphite Materials & Systems	7.0	8.9	– 21.3%
Performance Products	– 8.8	8.2	> – 100.0%
T&I and Corporate[2]	– 9.3	– 11.7	20.5%
SGL Group	**– 3.3**	**5.0**	**> – 100.0%**

[1] Non-recurring charges of minus €2.0 million and minus €0.8 million in the first quarter 2016 and 2015, respectively

[2] Prior period figures adjusted by reclassification of the At-Equity result as part of income from operations (EBIT)

Other Information

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

	2015					2016
€m	Q1	Q2	Q3	Q4	Full Year	**Q1**
Sales revenue						
Composites – Fibers & Materials	80.0	81.0	74.4	91.9	327.3	82.3
Graphite Materials & Systems	104.1	114.9	121.1	113.4	453.5	103.0
Performance Products	128.3	141.5	136.5	127.1	533.4	107.2
T&I and Corporate	2.9	2.4	1.2	2.2	8.7	2.2
SGL Group	**315.3**	**339.8**	**333.2**	**334.6**	**1,322.9**	**294.7**

	2015					2016
€m	Q1	Q2	Q3	Q4	Full Year	**Q1**
EBIT before non-recurring charges [1]						
Composites – Fibers & Materials [2]	– 0.4	4.3	6.8	0.6	11.3	7.8
Graphite Materials & Systems	8.9	7.7	10.6	6.9	34.1	7.0
Performance Products	8.2	8.7	7.0	– 4.5	19.4	– 8.8
T&I and Corporate [2]	– 11.7	– 10.7	– 9.1	– 0.2	– 31.7	– 9.3
SGL Group	**5.0**	**10.0**	**15.3**	**2.8**	**33.1**	**– 3.3**

[1] Non-recurring charges of minus €160.9 million in 2015 and minus €2.0 million in the first quarter 2016

[2] Prior period figures adjusted by reclassification of the At-Equity result as part of income from operations (EBIT)

Quarterly Return on Sales (based on EBIT) by Reporting Segment

	2015					2016
in %	Q1	Q2	Q3	Q4	Full Year	Q1
Sales revenue						
Composites – Fibers & Materials	–0.5	5.3	9.1	0.7	3.5	9.5
Graphite Materials & Systems	8.5	6.7	8.8	6.1	7.5	6.8
Performance Products	6.4	6.1	5.1	–3.5	3.6	–8.2
SGL Group	**1.6**	**2.9**	**4.6**	**0.8**	**2.5**	**–1.1**

Quarterly Consolidated Income Statement

	2015					2016
€m	Q1	Q2	Q3	Q4	Full Year	Q1
Sales revenue	**315.3**	**339.8**	**333.2**	**334.6**	**1,322.9**	**294.7**
Cost of sales	–259.4	–270.9	–262.6	–281.4	–1,074.3	–244.5
Gross profit	**55.9**	**68.9**	**70.6**	**53.2**	**248.6**	**50.2**
Selling, administrative, R&D and other operating income/expenses	–50.8	–59.0	–56.6	–49.6	–216.0	–55.0
Result from investments accounted for At-Equity	–0.1	0.1	1.3	–0.8	0.5	1.5
EBIT before non-recurring charges	**5.0**	**10.0**	**15.3**	**2.8**	**33.1**	**–3.3**
Restructuring expenses	–0.8	–4.7	–2.4	–74.1	–82.0	–2.0
Impairment losses	–	–	–	–78.9	–78.9	–
EBIT	**4.2**	**5.3**	**12.9**	**–150.2**	**–127.8**	**–5.3**
Net financing result	–12.0	–12.7	–16.2	–13.4	–54.3	–16.0
Result from continuing operations before income taxes	**–7.8**	**–7.4**	**–3.3**	**–163.6**	**–182.1**	**–21.3**
Income tax expense	–2.3	–1.3	–4.3	–7.2	–15.1	–4.7
Result from continuing operations	**–10.1**	**–8.7**	**–7.6**	**–170.8**	**–197.2**	**–26.0**
Result from discontinued operations, net of income taxes	–5.1	–59.8	–12.7	–18.5	–96.1	0.0
Net result for the period	**–15.2**	**–68.5**	**–20.3**	**–189.3**	**–293.3**	**–26.0**
Attributable to:						
Non-controlling interests	1.3	0.0	0.3	0.1	1.7	0.4
Consolidated net result (attributable to shareholders of the parent company)	–16.5	–68.5	–20.6	–189.4	–295.0	–26.4

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, May 12, 2016

SGL Carbon SE
The Board of Management

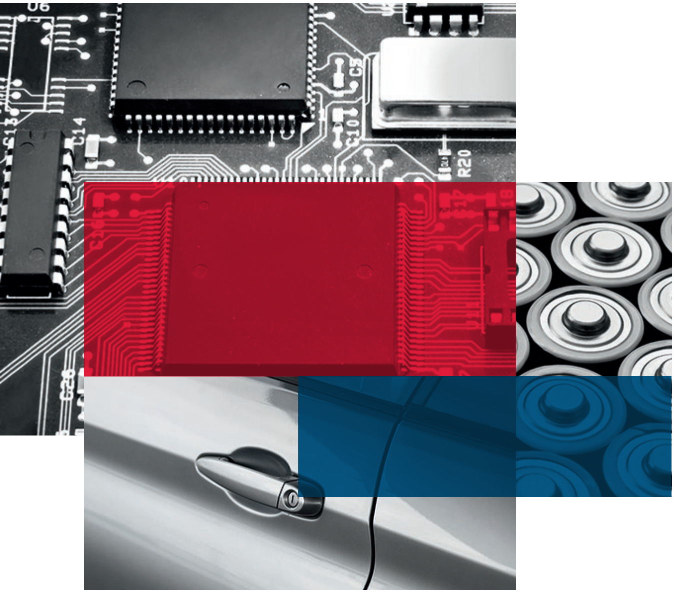
Financial calendar

May 18, 2016
- Annual General Meeting

August 11, 2016
- Interim report on the first half year 2016
- Conference call for analysts and investors

November 10, 2016
- Interim report on the first nine months 2016
- Conference call for analysts and investors

Important note
This interim report contains forward-looking statements based on the information currently available to us and on our current projections and assumptions. By nature, forward-looking statements are associated with known and unknown risks and uncertainties, as a consequence of which actual developments and results can deviate significantly from the assessment published in our interim report. Forward-looking statements are not to be understood as guarantees. Rather, future developments and results depend on a number of factors; they entail various risks and unanticipated circumstances and are based on assumptions which may prove to be inaccurate. These risks and uncertainties include, for example, unforeseeable changes in political, economic, legal, and business conditions, parti- cularly relating to our main customer industries, such as electric steel production, to the competitive environment, to interest rate and exchange rate fluctuations, to technological developments, and to other risks and unanticipated circumstances. Other risks that in our opinion may arise include price developments, unexpected developments associated with acquisitions and subsidiaries, and unfore- seen risks associated with ongoing cost savings programs. SGL Group assumes no responsibility in this regard and does not intend to adjust or otherwise update these forwardlooking statements.



Investor Relations contact

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

SGL GROUP
THE CARBON COMPANY