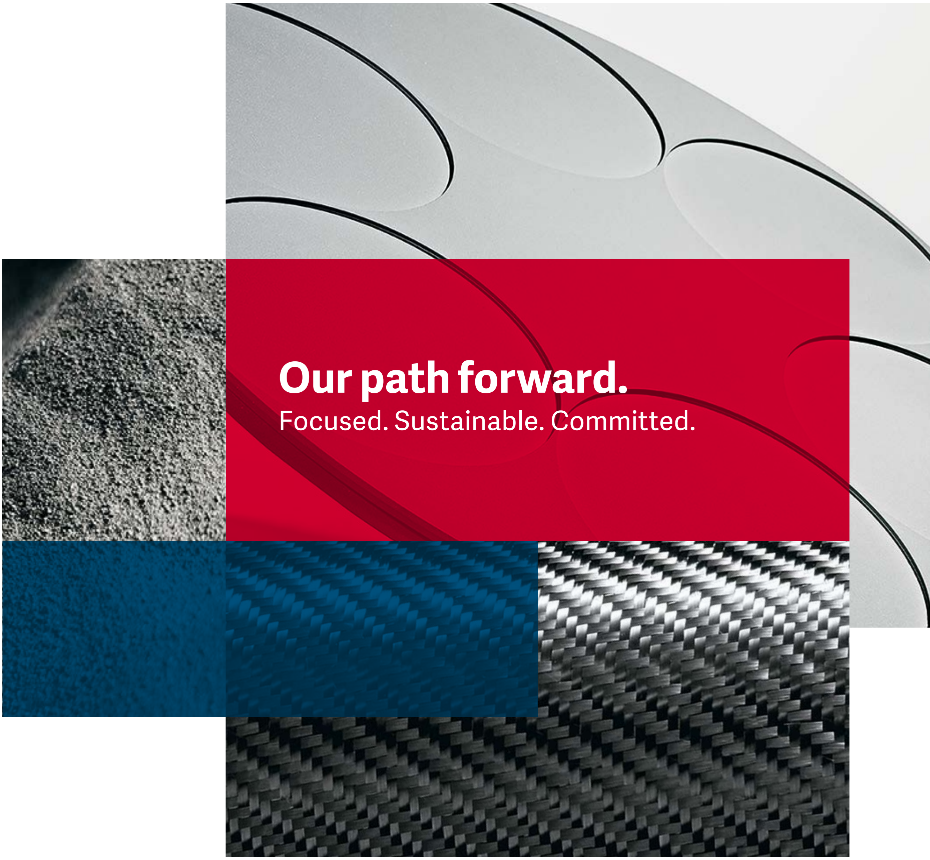
SGL GROUP
THE CARBON COMPANY



Report on the first nine months **2016**

Summary

- Strategic realignment of SGL Group making substantial progress
- Sale of graphite electrode business to Showa Denko signed on October 20, 2016
- To further maximize proceeds, remaining business in former business unit PP to be sold separately in 2017
- Sales revenue in 9M/2016 down 6% to €562 million (9M/2015: €599 million), recurring EBIT improved to €13 million (9M/2015: €9 million)
- Close to break even free cash flow in Q3/2016 resulted in stable net debt as of September 30, 2016, compared to June 30, 2016

Financial overview

	Nine months		
€ million	**2016**	2015	Change
Sales revenue	562.1	598.8	–6.1%
EBITDA before non-recurring charges	49.0	45.8	7.0%
Operating result/EBIT before non-recurring charges (recurring EBIT)	12.8	8.6	48.8%
Return on sales (EBIT-margin)[1]	2.3%	1.4%	-
Return on capital employed (ROCE $_{EBITDA}$)[2]	7.8%	5.6%	-
Operating result/EBIT	12.2	6.6	84.8%
Result from discontinued operations, net of income taxes	–94.7	–67.5	–40.3%
Consolidated net result (attributable to shareholders of the parent company)	–124.1	–105.6	–17.5%

€ million	**Sep. 30, 16**	Dec. 31, 15	Change
Total assets	1,690.7	1,856.1	–8.9%
Equity attributable to the shareholders of the parent company	101.8	289.3	–64.8%
Net financial debt [3]	623.1	534.2	16.6%
Gearing[4]	6.12	1.85	-
Equity ratio[5]	6.0%	15.6%	-

1) Ratio of EBIT before non-recurring charges to sales revenue
2) EBITDA before non-recurring charges for the last twelve months to average capital employed - continuing operations (total of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity and working capital)
3) Financial liabilities (nominal amounts) less liquidity
4) Net financial debt divided by equity attributable to the shareholders of the parent company
5) Equity attributable to the shareholders of the parent company divided by total assets

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Interim Group Management Report

Key events

Sale of graphite electrode business to Showa Denko

On October 20, 2016, we signed the sale and purchase agreement to sell our graphite electrode (GE) business to Showa Denko (Japan) for an enterprise value (cash and debt free) of €350 million, which, after deduction of standard debt-like items (mainly pension and restructuring provisions) is expected to result in cash proceeds of at least €200 million. The final proceeds will be determined based on the balance sheets at closing. The transaction is subject to customary closing conditions, relating in particular to antitrust approvals. Closing is expected in the first half of 2017.

In connection with the valuation of the disposed GE business as of September 30, 2016, at fair value less cost to sell in accordance with IFRS 5, impairment charges of €42.9 million were recognized in the reporting period, which are solely attributable to the anticipated cash outflows of GE due to the continuation of this business until the closing date, including transaction costs. It is expected that the projected cash proceeds at closing will equal the book value of the GE business as of September 30, 2016 before deduction of these impairment charges.

To further maximize proceeds, the cathodes, furnace linings and carbon electrodes (CFL/CE) business, which is also part of the former business unit PP, will be sold separately, with the sales process to be continued in early 2017. Given the outcome of the GE sale, we are confident to achieve more than the book value of the former business unit PP in the aggregated transactions.

The financial figures in this nine months report 2016 and the prior period were adjusted for PP (excluding the prior period balance sheet and related note disclosures). All assets and liabilities allocated to PP as of September 30, 2016 are presented separately in the consolidated balance sheet as "Assets held for sale” resp. “Liabilities in connection with assets held for sale” excluding certain assets and liabilities relating to the Group’s former plants in Frankfurt-Griesheim (Germany) and Narni (Italy).

Successful execution of SGL2015 cost savings program

By the end of the reporting period, cumulative savings totaling €228 million (including savings related to discontinued operations of PP) had already been realized. Since the cumulative savings target of €240 million (compared to the base year 2012) includes incurred losses of €15 million in 2012 of the now disposed HITCO (aerostructures) and SGL Rotec (rotor blades), the target has now been reached. From now on, we therefore only report the cost savings relating to our SGL Excellence initiative in our reporting.

Launch of Project CORE

In order to adjust the corporate and administrative structures to a smaller SGL Group post the sale of the entire former business unit PP, we have introduced project CORE (COrporate REstructuring) in September 2016, with the intention to lower overall costs by approximately €25 million by the end of 2018. This will entail both savings in indirect spend as well as headcount reduction. The individual measures are currently in the process of being designed and implemented. Expenses in connection with Project CORE, including the reduction in the size of the board of management, will be recorded in the fourth quarter 2016 and are estimated to be in the magnitude of 50 % of the expected annual savings.

Business development

Segment reporting

Following the classification of the business unit PP as discontinued operations as of June 30, 2016, this business unit is no longer included in the segment reporting.

As already explained in the report on the first quarter 2016, all activities relating to carbon fiber and composite materials are being managed under one uniform leadership since January 1, 2016. Since our At-Equity accounted investments mainly concern activities within 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.

Reporting segment Composites – Fibers & Materials (CFM)

	Nine months [2)]		
€ million	**2016**	2015	Change
Sales revenue	234.5	252.2	–7.0%
EBITDA before non-recurring charges [1)]	32.5	28.5	14.0%
Return on capital employed (ROCE $_{EBITDA}$)[3)]	9.4%	8.6%	-
EBIT before non-recurring charges (recurring EBIT) [1)]	16.8	12.9	30.2%
Return on sales (EBIT-margin)[1)]	7.2%	5.1%	-
Operating result/EBIT	16.8	12.6	33.3%

[1)] Non-recurring charges include restructuring expenses of €0.3 million in the first nine months 2015
[2)] Prior year figures adjusted for the reclassification of the At-Equity result as part of operating result (EBIT) and the classification of HITCO's materials business as continuing operations
[3)] EBITDA before non-recurring charges for the last twelve months to average capital employed - continuing operations (total of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity and working capital)

Sales revenue in the reporting segment Composites – Fibers & Materials decreased by 7 % (currency adjusted by 6 %) in the first nine months 2016 to €234.5 million (9M/2015: €252.2 million) mainly due to the acrylic fiber business, which despite higher volumes posted substantial lower sales revenue based on lower raw material (acrylonitrile) prices, resulting from the low oil price.

The two major At-Equity accounted investments relate to our businesses Ceramic Brake Discs (Brembo SGL; development and production of carbon ceramic brake discs in Italy and Germany) and Automotive Composites (Benteler SGL; development and production of glass and carbon fiber based components for the automotive industry in Austria). Sales revenue of all At-Equity accounted investments at €181.4 million in the first nine months 2016 remained close to the same level as in the prior year (9M/2015: €183.7 million, 100 % values for companies) and are not included in our consolidated Group sales revenue figure. Higher sales with Ceramic Brake Discs was almost entirely offset by the sales decline in the other At-Equity accounted investments.

Recurring EBIT in the reporting segment CFM in the first nine months 2016 improved significantly to €16.8 million compared to €12.9 million in the same period of the prior year, leading to an EBIT margin of 7.2 % (9M/2015: 5.1 %). As anticipated, the highest earnings increase was posted by SGL ACF, our joint ventures with BMW Group, primarily because the joint ventures are no longer incurring start up costs. The high level of capacity utilization in our own carbon fiber production facilities also had a positive effect on earnings. As already outlined in the report on the first quarter 2016, two large projects were invoiced in that reporting period, which is the reason why the result in the first quarter 2016 could not be extrapolated to the subsequent quarters. The result from investments accounted for At-Equity improved to €5.5 million in the reporting period compared to the prior year (€2.4 million), primarily due to the continued favorable business development in Ceramic Brake Discs in the first nine months 2016. In contrast, the composite materials business despite higher sales posted lower results due to the build-up of the Lightweight and Application Center as well as expenses for the ramp up of increased business.

Cost savings from our SGL Excellence initiative amounted to €2.0 million in the reporting period. (9M/2015: €1.4 million). Non-recurring charges related to SGL2015 were not incurred in the reporting segment CFM (9M/2015: €0.3 million).

Reporting segment Graphite Materials & Systems (GMS)

	Nine months		
€ million	**2016**	2015	Change
Sales revenue	321.4	340.1	–5.5%
EBITDA before non-recurring charges [1]	35.3	43.8	–19.4%
Return on capital employed (ROCE $_{EBITDA}$)[2]	12.0%	13.1%	-
EBIT before non-recurring charges (recurring EBIT) [1]	18.8	27.2	–30.9%
Return on sales (EBIT-margin)[1]	5.8%	8.0%	-
Operating result/EBIT	18.3	26.3	–30.4%

[1] Non-recurring charges include restructuring expenses of €0.5 million and €0.9 million in the first nine months 2016 and 2015, respectively
[2] EBITDA before non-recurring charges for the last twelve months to average capital employed - continuing operations (total of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity and working capital)

In the reporting period, sales revenue in the reporting segment Graphite Materials & Systems at €321.4 million declined by 5 % (currency adjusted by 6 %) compared to the prior year level (9M/2015: €340.1 million) From a regional perspective, our isostatic graphite and fiber materials based business developed well in Europe and volume-wise also in Asia, particularly with customers from the solar, LED, and semiconductor industries. In contrast, the North American business was negatively impacted by the reduced demand from energy related industries due to the low crude oil price, burdening particularly our process technology business and products based on extruded graphite. Demand for our anode materials for the lithium ion battery industry developed at anticipated levels.

Recurring EBIT decreased by 31 % to €18.8 million (9M/2015: €27.2 million) mainly due to positive one-time effects in the prior year (land sale and insurance compensation) and lower earnings contributions from the process technology business. The EBIT margin amounted to 5.8 % (9M/2015: 8.0 %).

Cost savings from our SGL Excellence initiative amounted to €7.3 million in the reporting period (9M/2015: €5.9 million).

Non-recurring charges relating to SGL2015 of €0.5 million were incurred in the reporting period in the reporting segment GMS (9M/2015: €0.9 million). Accordingly, EBIT after non-recurring charges amounted to €18.3 million in the first nine months 2016 (9M/2015: €26.3 million).

Reporting segment T&I and Corporate

	Nine months		
€ million	**2016**	2015	Change
Sales revenue	6.2	6.5	–4.6%
EBITDA before non-recurring charges [1)]	–18.8	–26.5	29.1%
EBIT before non-recurring charges (recurring EBIT) [1)]	–22.8	–31.5	27.6%
Operating result/EBIT	–22.9	–32.3	29.1%

[1)] Non-recurring charges include restructuring expenses of €0.1 million and €0.8 million in the first nine months 2016 and 2015, respectively

Recurring EBIT in the reporting segment T&I and Corporate improved by 28 % to minus €22.8 million (9M/2015: minus €31.5 million) as a result of further cost savings and the changed management incentive structure.

Group business development

Condensed Consolidated Income Statement

	Nine months		
€ million	**2016**	2015	Change
Sales revenue	**562.1**	**598.8**	**–6.1%**
Cost of sales	–459.0	–491.2	6.6%
Gross profit	**103.1**	**107.6**	**–4.2%**
Selling, administrative and R&D expense	–119.0	–116.7	–2.0%
Other operating income/expense	23.1	16.4	40.9%
Result from investments accounted for At-Equity	5.6	1.3	>100.0%
Operating result/EBIT before non-recurring charges (recurring EBIT)	**12.8**	**8.6**	**48.8%**
Restructuring expenses	–0.6	–2.0	70.0%
Operating result/EBIT	**12.2**	**6.6**	**84.8%**
EBITDA before non-recurring charges	**49.0**	**45.8**	**7.0%**

Group sales revenue declined by 6 % (no currency effect) to €562.1 million (9M/2015: €598.8 million) due to the developments in the business units GMS and CFM as described above. The favorable development of cost of goods resulted in a slight improvement in the gross margin in the reporting period to 18.3 % (9M/2015: 18.0 %). Nevertheless, gross profit declined slightly to €103.1 million in the reporting period from €107.6 million in the prior year period. Selling, administrative, and R&D expenses increased slightly by 2 % to €119.0 million (9M/2015: €116.7 million) due to higher expenses for research and development, mainly relating to the build-up of the new Lightweight and Application Center in Meitingen in the business unit CFM. Other operating income and expenses strongly increased by 40 % from €16.4 million in the prior year period to €23.1 million in the reporting period, which primarily resulted from higher foreign currency and hedging gains, increased compensations from customers with minimum volume commitments and lower miscellaneous other operating expenses in various Group companies.

Since the beginning of the fiscal year 2016, the results from investments accounted for At-Equity 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 nature of the At-Equity accounted investments. Prior year figures were adjusted accordingly.

Recurring Group EBIT increased significantly to €12.8 million in the reporting period after €8.6 million in the prior year period due to improved earnings in the business unit CFM and lower expenses in the reporting segment T&I and Corporate. Savings from SGL Excellence amounted to €9.3 million in the Group (not considering SGL Excellence savings in the discontinued operations PP amounting to €17.0 million).

Restructuring expenses decreased to €0.6 million in the first nine months 2016 compared to €2.0 million in the prior year period. Accordingly, Group EBIT after non-recurring charges amounted to €12.2 million (9M/2015: €6.6 million).

Net financing result

	Nine months		
€ million	**2016**	2015	Change
Interest income	0.5	0.4	25.0%
Interest expense	–23.9	–21.8	–9.6%
Imputed interest convertible bonds (non-cash)	–6.1	–6.9	11.6%
Interest expense on pensions	–5.9	–5.2	–13.5%
Interest expense, net	**–35.4**	**–33.5**	**–5.7%**
Amortization of refinancing costs (non-cash)	–2.4	–2.1	–14.3%
Other financial expense	–0.9	–4.1	–78.0%
Other financing result	**–3.3**	**–6.2**	**46.8%**
Net financing result	**–38.7**	**–39.7**	**2.5%**

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 increase in the net interest expense compared to the prior year period is mainly the result of €0.7 million increased interest expense of the convertible note 2015/2020 issued in 2015 (3.5 % coupon, €167 million nominal volume), which replaced the convertible note 2009/2016 (3.5 % coupon, €135 million outstanding volume), and due to lower capitalization of interest in connection with long-term investment projects. In addition, net financing result was impacted by higher interest expenses on pension provisions amounting to €5.9 million (9M/2015: €5.2 million) and the reduction in other financial expenses to €0.9 million due to expenses of €3.9 million incurred in the prior year period for the early redemption of the convertible note 2009/2016 (9M/2015: €4.1 million).

Condensed Consolidated Income Statement (continued)

	Nine months		
€ million	**2016**	2015	Change
Operating result/EBIT	**12.2**	**6.6**	**84.8%**
Net financing result	–38.7	–39.7	2.5%
Result from continuing operations before income taxes	**–26.5**	**–33.1**	**19.9%**
Income tax expense	–1.8	–3.4	47.1%
Result from continuing operations	**–28.3**	**–36.5**	**22.5%**
Result from discontinued operations, net of income taxes	–94.7	–67.5	–40.3%
Net result for the period	**–123.0**	**–104.0**	**–18.3%**
Attributable to:			
Non-controlling interests	1.1	1.6	31.3%
Consolidated net result (attributable to shareholders of the parent company)	–124.1	–105.6	–17.5%
Earnings per share, basic and diluted (in €)	–1.35	–1.15	–17.4%
Earnings per share continuing operations, basic and diluted (in €)	–0.32	–0.42	23.8%

Result from continuing operations

Due to the developments described above, the result from continuing operations before taxes improved from minus €33.1 million in the prior year period to minus €26.5 million in the reporting period. Income tax expense decreased to €1.8 million compared to €3.4 million in the prior year period, mainly due to lower results at profitable Group companies.

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

The result from discontinued operations includes income and expenses incurred by the business unit Performance Products (PP) und the business activity Aerostructures (HITCO). The loss from discontinued operations after taxes amounted to €94.7 million in the reporting period compared to a prior period loss of €67.5 million and consists of the following items:

€ million	Nine months	
	2016	2015
Performance Products (PP)	–92.3	12.2
Business activity Aerostructures (HITCO)	–2.4	–79.7
Sum	**–94.7**	**–67.5**

The result of discontinued operations PP continues to be characterized by a significant price decline for graphite electrodes, while the delivery volumes increased slightly. The business with cathodes, furnace linings and carbon electrodes has developed well within our expectations. In addition, the result of the discontinued operations is burdened by impairment losses of €42.9 million arising from the measurement of the graphite electrodes assets at their fair value less cost to sell, and by a one-time deferred tax impact amounting to minus €14 million mainly due to the legal separation of the PP business. The significant reduction in the losses at HITCO compared to the prior year period is the result of the completed disposal of the Aerostructures activities in 2015. In the reporting period, disposal-related follow-up costs of €2.4 million were incurred at Aerostructures.

After consideration of income taxes, the consolidated net result amounted to minus €124.1 million in the reporting period compared to minus €105.6 million in the first nine months 2015 (after deduction of non-controlling interests of €1.1 million and €1.6 million, respectively).

Balance sheet structure

While reviewing the items on the balance sheet, it has to be considered that assets and liabilities relating to the business unit PP are classified as assets held for sale as of September 30, 2016. December 31, 2015 figures were not adjusted.

ASSETS €m	Sep. 30, 16	Dec. 31, 15	Change
Non-current assets	643.4	939.6	–31.5%
Current assets	550.5	901.8	–39.0%
Assets held for sale	496.8	14.7	>100.0%
Total assets	**1,690.7**	**1,856.1**	**–8.9%**
EQUITY AND LIABILITIES €m			
Equity attributable to the shareholders of the parent company	101.8	289.3	–64.8%
Non-controlling interests	16.3	16.5	–1.2%
Total equity	**118.1**	**305.8**	**–61.4%**
Non-current liabilities	1,163.8	1,204.8	–3.4%
Current liabilities	211.3	345.5	–38.8%
Liabilities in connection with assets held for sale	197.5	0.0	-
Total equity and liabilities	**1,690.7**	**1,856.1**	**–8.9%**

Total assets as of September 30, 2016, decreased by €165.4 million or 8.9 % to €1,690.7 million compared to December 31, 2015. The decrease in total assets is attributable, on the one hand, to the lower liquidity, and, on the other hand, to impairment losses of fixed assets in connection with the valuation of the disposed GE business at fair value less cost to sell as well as to a targeted reduction in inventory in the discontinued business unit PP (both included in assets held for sale). In contrast, current assets slightly increased (adjusted for the reclassification of PP into assets held for sale) due to the planned increase in inventories in the business unit GMS. The increase (on a comparable basis) in non-current liabilities has to be seen in connection with the adjustment in pension discount rates to the expected lower long-term interest rate environment by minus 1.05 %-points to 1.20 % (Germany) and minus 0.75 %-points to 3.50 % (US) resulting in an increase of €67.9 million for this balance sheet item.

The decrease in current liabilities (adjusted for the reclassification of PP) is mainly related to a reduction in trade accounts payable since year-end 2015 by €14.6 million to

€81.3 million due, among others, to lower raw material costs and reduced investment activities. Furthermore, the first of two installments of a purchase price liability due to the purchaser of HITCO's Aerostructures business outstanding as at year-end 2015, was paid during the reporting period as contractually agreed.

Working Capital

€ million	**Sep. 30, 16**	Dec. 31, 15 [1]	Change
Inventories	269.8	258.8	4.3%
Trade receivables	100.6	92.2	9.1%
Trade payables	–81.3	–95.9	15.2%
Working Capital	**289.1**	**255.1**	**13.3%**

[1] Prior year figures adjusted to reflect PP as discontinued operations

The increase in inventories is related to the business unit GMS, due to targeted higher inventories for the lithium ion battery business in anticipation of higher deliveries. In addition, the increase in trade receivables had an impact, mainly in the business unit GMS and the materials business of the business unit CFM. Overall, working capital increased during the first nine months 2016 due to the significant reduction of trade payables, resulting from lower raw material costs and reduced investment activities.

Changes in equity

As of September 30, 2016, equity attributable to the shareholders of the parent company amounted to €101.8 million (December 31, 2015: €289.3 million). The reduction is due, on one hand, to the negative consolidated net result of €124.1 million. On the other hand, the adjustment of the interest rate used for the pension provision calculations in Germany and the US decreased equity by €51.3 million (after tax).

Overall, the equity ratio declined to 6.0 % compared to 15.6 % as of December 31, 2015.

Net financial debt

€ million	Sep. 30, 16	Dec. 31, 15	Change
Carrying amount of current and non-current financial liabilities	750.9	744.8	0.8%
Remaining imputed interest for the convertible bonds	22.6	28.6	–21.0%
Accrued refinancing cost	9.2	11.6	–20.7%
Total financial debt (nominal amount)	**782.7**	**785.0**	**–0.3%**
Liquidity - continuing operations [1)]	156.9	247.9	–36.7%
Liquidity - discontinued operations [1)]	2.7	2.9	–6.9%
Total liquidity (continuing and discontinued)	**159.6**	**250.8**	**–36.4%**
Net financial debt - continuing and discontinued operations	**623.1**	**534.2**	**16.6%**
thereof: SGL ACF			
Non-current financial liabilities	116.0	125.4	–7.5%
Cash and cash equivalents	4.7	9.9	–52.5%
Net financial debt SGL ACF	111.3	115.5	–3.6%
Net financial debt without SGL ACF	**511.8**	**418.7**	**22.2%**

[1)] Prior year figures adjusted to reflect PP as discontinued operations

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

As of September 30, 2016, net financial debt increased by €88.9 million or 16.6 % to €623.1 million mainly due to the decrease in liquidity by €91.2 million. This development is primarily attributable to the buildup of working capital due to the decrease in trade payables, to one-time cash outflows in connection with the closure of the graphite electrode production site in Frankfurt-Griesheim (Germany) and the partial payment of the negative purchase price for HITCO's Aerostructures business. However, compared to the net financial debt of €619.9 million as of June 30, 2016, net financial debt as of September 30, 2016, remained almost unchanged due to the nearly break even free cash flow in the third quarter 2016.

Free cash flow

	Nine months	
€ million	**2016**	2015
Cash flow from operating activities		
Result from continuing operations before income taxes	–26.5	–33.1
Non-recurring charges	0.6	2.0
Depreciation/amortization expense	36.2	37.2
Changes in working capital (net)	–35.6	–67.5
Miscellaneous items	–25.6	–34.3
Cash flow from operating activities - continuing operations	**–50.9**	**–95.7**
Cash flow from operating activities - discontinued operations	11.2	21.8
Cash flow from operating activities - continuing and discontinued operations	**–39.7**	**–73.9**
Cash flow from investing activities		
Payments to purchase intangible assets and property and plant and equipment (without SGL ACF)	–21.2	–23.3
Payments to purchase intangible assets and property, plant and equipment (SGL ACF)	–0.8	–8.7
Proceeds from the sale of intangible assets and property, plant & equipment	0.1	3.0
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	–4.6	–1.0
Cash flow from investing activities - continuing operations	**–23.5**	**–23.0**
Cash flow from investing activities - discontinued operations	–27.2	–19.5
Cash flow from investing activities - continuing and discontinued operations	**–50.7**	**–42.5**
Free cash flow [1)] - continuing operations	–74.4	–118.7
Free cash flow [1)] - discontinued operations	–16.0	2.3

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

Cash flow from operating activities – continuing operations – improved to minus €50.9 million in the first nine months 2016 after minus €95.7 million in the prior year period. This development is attributable to the cash effects of unwinding USD currency hedges in the prior year period, as well as to the lower buildup of working capital in the first nine months 2016 compared to the year before.

Free cash flow from continuing operations in the reporting period improved to minus €74.4 million compared to the prior year period (9M/2015: minus €118.7 million).

Free cash flow from discontinued operations amounted to minus €16.0 million in the reporting period (9M/2015: €2.3 million). Restructuring payments of approximately €22.0 million, particularly for the closure of the graphite electrode site in Frankfurt-Griesheim (Germany) in the discontinued business unit PP, as well as payments related to the disposal of HITCO's Aerostructures business amounting to €20.0 million were partially compensated by the positive cash flow from operating activities.

Since most of the negative free cash flow from continued and discontinued operations in the reporting period occurred in the first half year 2016, free cash flow from continued and discontinued operations in the third quarter 2016 was nearly break even at minus €3.9 million.

Employees

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

Headcount [1]	**Sep. 30, 16**	Dec. 31, 15	Change
Composites - Fibers & Materials	1,168	1,148	1.7%
Graphite Materials & Systems	2,466	2,504	–1.5%
T&I and Corporate	318	433	–26.6%
Total continuing operations	3,952	4,085	–3.3%
Discontinued operations (PP)	1,454	1,573	–7.6%
Total SGL Group	**5,406**	**5,658**	**–4.5%**

Headcount [1]	Sep. 30, 16	Dec. 31, 15	Change
Germany	1,792	1,796	−0.2%
Europe excluding Germany	1,017	1,061	−4.1%
North America	707	747	−5.4%
Asia	436	481	−9.4%
Total continuing operations	3,952	4,085	−3.3%
Discontinued operations (PP)	1,454	1,573	−7.6%
Total SGL Group	**5,406**	**5,658**	**−4.5%**

[1] Prior year figures adjusted to reflect PP as discontinued operations

The number of employees in SGL Group amounted to 5,406 as of September 30, 2016 (December 31, 2015: 5,658). The reduction of 252 employees in the first nine months 2016 reflects the closure of our production site in Frankfurt-Griesheim (Germany) and continuing effects from the implementation of SGL2015 measures.

Historically, the employees of shared service functions were allocated to the reporting segments based on performance related keys. Because of the classification of the business unit PP as discontinued operations, the prior year figures were adjusted for the employees formerly allocated to PP, resulting in a lower headcount for PP and a higher headcount for T&I and Corporate.

During the course of this year, part of these employees of T&I and Corporate were assigned to PP and GMS. The sharp decline in headcount of T&I and Corporate as of September 30, 2016 compared to year-end 2015 has to be seen in this context. However, the headcount of T&I and Corporate still includes employees who provide services to the discontinued business unit PP.

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 1,469, of which 339 relate to the sale of our rotor blades activities, 398 to 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 following statements.

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. The newly launched project CORE to adjust the organizational model and size of the organization to a smaller SGL Group following the entire PP disposal could result in additional opportunities to increase efficiency and to improve financials. As a result, our competitive position will be strengthened by an improved cost position, lean administrative structures together with more efficient and adapted production capacities. 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. First signs of recovery in the raw materials markets may directly or indirectly support a strengthening of margins. The intended sale of the cathodes, furnace linings and carbon electrodes business could result in a book profit.

At present stage, we continue to see risks in competitive behavior, the supply and demand development and regional and global economic trends. The continuing sovereign debt crisis in various regions in the world could 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 may have a considerable impact on the demand of our customers' businesses. Governmental reactions and sanctions in relation to 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 Process Technology business is faced with intensive competition for only few large projects.

The intended disposal of the reporting segment Performance Products bears opportunities and risks in relation to the planned sale. The sale of the graphite electrode business to Showa Denko was announced on October 20, 2016, with an expected closing in the first half year 2017, which, among other factors, is dependent on regulatory approvals. Any major delay or failure to complete this disposition could have negative effects on the business, financial condition and results of operations. A major delay in the sale of the CFL/CE business entails risks relating to the planned deleveraging strategy.

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 remain. In this case the SGL Group will be unable to draw unused credit lines unless amendments or waivers are obtained

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

Outlook

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

To further maximize our proceeds in the divestment process of the former business unit PP, the CFL/CE business, which is also part of the former business unit PP, will be sold separately in 2017, with the sales process to be continued in early 2017. Given the outcome of the GE sale, we are now confident to achieve more than the book value of the former business unit PP in the aggregated transactions.

We are convinced that the proceeds of the GE sale and the expected proceeds of the CFL/CE sale will contribute to a significant reduction of our net debt position and thereby improve the balance sheet ratios. In addition, we are currently evaluating the merits and viability of a potential near term rights issue utilizing the existing authorized capital framework to further improve the capital structure and restore key financial metrics to create a solid foundation for our growth businesses CFM and GMS.

Against the backdrop of the disposal procedures for the GE and the CFL/CE businesses, the measures to adjust the administrative structures to a smaller SGL Group following the entire PP disposal, and the related other transitional matters in connection with the repositioning of our Company to focus on our growth businesses CFM and GMS, we decided to withdraw our guidance as last provided in our report on the first half year 2016 effective October 20, 2016, and to abstain for the time being from providing any short term profit guidance during this transformation phase. We plan to resume providing a new profit guidance around the time of the publication of our 2016 annual report in March 2017.

Wiesbaden, November 9, 2016

SGL Carbon SE

The Board of Management

Condensed Consolidated Interim Financial Statements

Consolidated Income Statement

	3rd Quarter [1]			Nine months [1]		
€ million	2016	2015	Change	2016	2015	Change
Sales revenue	**182.7**	**202.0**	**–9.6%**	**562.1**	**598.8**	**–6.1%**
Cost of sales	–151.3	–160.7	5.8%	–459.0	–491.2	6.6%
Gross profit	**31.4**	**41.3**	**–24.0%**	**103.1**	**107.6**	**–4.2%**
Selling expenses	–19.4	–18.3	–6.0%	–58.8	–57.7	–1.9%
Research and development costs	–7.3	–7.0	–4.3%	–23.4	–22.1	–5.9%
General and administrative expenses	–12.6	–11.1	–13.5%	–36.8	–36.9	0.3%
Other operating income	11.1	7.5	48.0%	37.1	41.8	–11.2%
Other operating expenses	–2.3	–5.0	54.0%	–14.0	–25.4	44.9%
Result from investments accounted for At-Equity	2.3	1.3	76.9%	5.6	1.3	>100.0%
Restructuring expenses	–0.6	–0.6	0.0%	–0.6	–2.0	70.0%
Operating profit/loss	**2.6**	**8.1**	**–67.9%**	**12.2**	**6.6**	**84.8%**
Interest income	0.2	0.1	100.0%	0.5	0.4	25.0%
Interest expense	–12.3	–11.6	–6.0%	–35.9	–33.9	–5.9%
Other financing result	–0.7	–5.0	86.0%	–3.3	–6.2	46.8%
Result from continuing operations before income taxes	**–10.2**	**–8.4**	**–21.4%**	**–26.5**	**–33.1**	**19.9%**
Income tax expense	4.9	–2.1	>100.0%	–1.8	–3.4	47.1%
Result from continuing operations	**–5.3**	**–10.5**	**–49.5%**	**–28.3**	**–36.5**	**22.5%**
Result from discontinued operations, net of income taxes	–45.3	–9.8	>–100.0%	–94.7	–67.5	–40.3%
Net result for the period	**–50.6**	**–20.3**	**>–100.0%**	**–123.0**	**–104.0**	**–18.3%**
Thereof attributable to:						
Non-controlling interests	0.3	0.3	0.0%	1.1	1.6	31.3%
Consolidated net result (attributable to shareholders of the parent company)	–50.9	–20.6	>–100.0%	–124.1	–105.6	–17.5%
Earnings per share, basic and diluted (in €)	–0.55	–0.22	>–100.0%	–1.35	–1.15	–17.4%
Earnings per share continuing operations, basic and diluted (in €)	–0.06	–0.12	50.0%	–0.32	–0.42	23.8%

[1] Prior period comparatives adjusted, see Notes

Consolidated Statement of Comprehensive Income

	3rd Quarter		Nine months	
€ million	**2016**	2015	**2016**	2015
Net result for the period	−50.6	−20.3	−123.0	−104.0
Items that may be reclassified subsequently to profit or loss				
Changes in the fair value of securities available for sale	0.0	−0.1	0.0	−0.1
Cash flow hedges [1)]	1.2	1.2	0.6	0.3
Currency translation	−6.8	−41.3	−12.2	−40.7
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses on pensions and similar obligations [2)]	−13.6	1.2	−51.3	14.8
Other comprehensive income	**−19.2**	**−39.0**	**−62.9**	**−25.7**
Comprehensive income	**−69.8**	**−59.3**	**−185.9**	**−129.7**
Thereof attributable to:				
Non-controlling interests	0.3	**0.0**	**1.2**	**1.8**
Consolidated net result (attributable to shareholders of the parent company)	**−70.1**	**−59.3**	**−187.1**	**−131.5**

1) Includes tax effects of minus €0.3 million (2015: minus €0.1 million) in the first nine months
2) Includes tax effects of €16.6 million (2015: minus €8.0 million) in the first nine months

Consolidated Balance Sheet

ASSETS €m	**Sep. 30, 16**	Dec. 31, 15	Change
Non-current assets			
Goodwill	22.3	22.9	–2.6%
Other intangible assets	18.2	20.8	–12.5%
Property, plant and equipment	485.0	789.6	–38.6%
Investments accounted for At-Equity	42.2	35.0	20.6%
Other non-currents assets	6.6	8.3	–20.5%
Deferred tax assets	69.1	63.0	9.7%
	643.4	**939.6**	**–31.5%**
Current assets			
Inventories	269.8	463.7	–41.8%
Trade receivables	100.6	149.5	–32.7%
Other receivables and other assets	23.2	37.8	–38.6%
Liquidity	156.9	250.8	–37.4%
Time deposits	*9.0*	*14.0*	*–35.7%*
Cash and cash equivalents	*147.9*	*236.8*	*–37.5%*
	550.5	**901.8**	**–39.0%**
Assets held for sale	**496.8**	**14.7**	**>100.0%**
Total assets	**1,690.7**	**1,856.1**	**–8.9%**

EQUITY AND LIABILITIES €m	Sep. 30, 16	Dec. 31, 15	Change
Equity			
Issued capital	236.4	235.0	0.6%
Capital reserves	936.0	937.7	–0.2%
Accumulated losses	–1,070.6	–883.4	–21.2%
Equity attributable to the shareholders of the parent company	**101.8**	**289.3**	**–64.8%**
Non-controlling interests	16.3	16.5	–1.2%
Total equity	**118.1**	**305.8**	**–61.4%**
Non-current liabilities			
Provisions for pensions and similar employee benefits	342.5	380.2	–9.9%
Other provisions	33.0	30.1	9.6%
Interest-bearing loans	747.3	742.2	0.7%
Other liabilities	41.0	52.3	–21.6%
	1,163.8	**1,204.8**	**–3.4%**
Current liabilities			
Other provisions	81.7	125.5	–34.9%
Current portion of interest-bearing loans	3.6	2.6	38.5%
Trade payables	81.3	162.9	–50.1%
Other liabilities	44.7	54.5	–18.0%
	211.3	**345.5**	**–38.8%**
Liabilities in connection with assets held for sale	**197.5**	**0.0**	–
Total equity and liabilities	**1,690.7**	**1,856.1**	**–8.9%**

Consolidated Cash Flow Statement

	Nine months	
€ million	**2016**	2015
Cash flow from operating activities		
Result from continuing operations before income taxes	–26.5	–33.1
Adjustments to reconcile the result from continuing operations to cash flow from operating activities:		
Interest expense (net)	35.4	33.5
Result from the disposal of property, plant and equipment	0.1	–2.6
Depreciation/amortization expense	36.2	37.2
Restructuring expenses	0.6	2.0
Result from investments accounted for At-Equity	–5.6	–1.3
Amortization of refinancing costs	2.4	2.1
Interest received	0.5	0.6
Interest paid	–28.7	–29.6
Income taxes paid	–3.5	–3.6
Changes in provisions, net	–9.9	–15.4
Changes in working capital		
Inventories	–12.6	0.7
Trade receivables	–8.8	24.3
Trade payables	–14.2	–92.5
Changes in other operating assets/liabilities	–16.3	–18.0
Cash flow from operating activities - continuing operations	**–50.9**	**–95.7**
Cash flow from operating activities - discontinued operations	11.2	21.8
Cash flow from operating activities - continuing and discontinued operations	**–39.7**	**–73.9**

	Nine months	
€ million	**2016**	2015
Cash flow from investing activities		
Payments to purchase intangible assets and property, plant and equipment	–22.0	–32.0
Proceeds from the sale of intangible assets and property, plant & equipment	0.1	3.0
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	–4.6	–1.0
Cash flow from investing activities - continuing operations	**–23.5**	**–23.0**
Changes in time deposits	5.0	–59.5
Cash flow from investing and cash management activities - continuing operations	**–18.5**	**–82.5**
Cash flow from investing activities and cash management activities - discontinued operations	–27.2	–19.5
Cash flow from investing activities and cash management activities - continuing and discontinued operations	**–45.7**	**–102.0**
Cash flow from financing activities		
Proceeds from issuance of financial liabilities	7.1	306.1
Repayment of financial liabilities	–6.7	–237.3
Payments in connection with financing activities	–0.8	–2.8
Other financing activities	–0.4	–0.4
Cash flow from financing activities - continuing operations	**–0.8**	**65.6**
Cash flow from financing activities - discontinued operations	0.0	–0.8
Cash flow from financing activities - continuing and discontinued operations	**–0.8**	**64.8**
Effect of foreign exchange rate changes	0.0	0.3
Net change in cash and cash equivalents	**–86.2**	**–110.8**
Cash and cash equivalents at beginning of period	236.8	307.0
Cash and cash equivalents at end of period	150.6	196.2
Time deposits at end of period	9.0	100.0
Total liquidity	159.6	296.2
Less: Cash and cash equivalents of discontinued operations at end of period	2.7	-
Liquidity	**156.9**	**296.2**

Condensed Consolidated Statement of Changes in Equity

	Nine months 2016		
€ million	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total equity
Balance at January 1	**289.3**	**16.5**	**305.8**
Capital change from share-based payment plans	**–0.4**	**0.0**	**–0.4**
Dividends	**0.0**	**–0.5**	**–0.5**
Net result for the period	–124.1	1.1	–123.0
Other comprehensive income	–63.0	0.1	–62.9
Comprehensive income	**–187.1**	**1.2**	**–185.9**
Other changes in equity [1)]	0.0	–0.9	**–0.9**
Balance at Sep. 30	**101.8**	**16.3**	**118.1**

	Nine months 2015		
€ million	Equity attributable to the shareholders 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	**5.9**	**0.0**	**5.9**
Equity component of the convertible bonds	**18.0**	**0.0**	**18.0**
Dividends	**0.0**	**–1.4**	**–1.4**
Net result for the period	–105.6	1.6	–104.0
Other comprehensive income	–25.9	0.2	–25.7
Comprehensive income	**–131.5**	**1.8**	**–129.7**
Other changes in equity [1)]	0.0	–0.8	–0.8
Balance at Sep. 30	**460.0**	**16.7**	**476.7**

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 September 30, 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 classification of the business unit Performance Products (PP) as discontinued operations, and the classification of HITCO's materials business as continuing operations. Prior year figures for the profit and loss statement are reported on a comparable basis.

Since our investments accounted for At-Equity 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 presentation better reflects the operational nature 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 are unaudited and were authorized by the Board of Management on November 9, 2016. The condensed consolidated interim financial statements and interim group management report have been subject to an auditor's review.

Changes to the scope of consolidation

There were no significant changes to the scope of consolidation as of September 30, 2016, compared to December 31, 2015.

Discontinued operations pursuant to IFRS 5

Result from discontinued operations

Income and expenses incurred by the business unit PP are reported separately under discontinued operations for all periods presented.

Discontinued operations also include further specific items related to the sale of the business unit Aerostructures (AS, HITCO), disposed in December 2015. For further information please see Note 11 of the Notes to the financial statements as of December 31, 2015 of the SGL Group. In the first nine months 2016, follow-up costs amounting to €2.4 million were incurred from the sale of HITCO impacting the result from discontinued operations.

	Nine months	
€ million	**2016**	2015
Total revenue from discontinued operations	310.3	455.3
Total expenses from discontinued operations	–345.5	–467.5
Result from operating activities of discontinued operations before income taxes	**–35.2**	**–12.2**
Attributable tax expense	–16.6	–2.1
Result from operating activities of discontinued operations after income taxes	**–51.8**	**–14.3**
Impairment losses arising on the measurement of assets included in disposal groups at fair value less costs to sell	–42.9	–53.2
Result from discontinued operations [1)]	**–94.7**	**–67.5**
Earnings per share - discontinued operations, basic and diluted (in €)	**–1.03**	**–0.74**

[1)] Attributable to the shareholders of the parent company

The units classified as discontinued operations are measured at the lower of its carrying amount and fair value less cost to sell. The fair value of the graphite electrodes business was determined on the basis of the sale and purchase agreement with Showa Denko (Japan) signed on October 20, 2016 to sell the graphite electrode (GE) business. The two parties have agreed on an enterprise value (cash and debt free) of €350 million. Cash proceeds are subject to the deduction of standard debt-like items (mainly pension and restructuring provisions) and will be determined based on the balance sheets at Closing. Closing is expected in the first half of 2017. As a result, and after consideration of the projected negative cash flows related to the continuation of the GE business until closing and transaction costs, the GE's assets were impaired by €42.9 million.

Assets and liabilities attributable to PP (net of GE-related impairment losses) were presented as held for sale in the consolidated financial statements as of September 30, 2016 excluding certain assets and liabilities relating to the Group's former plants in Frankfurt-Griesheim (Germany) and Narni (Italy). The book values of the main items of assets and liabilities amount to:

€ million	Sep. 30, 16	Dec. 31, 15
Other intangible assets and property, plant and equipment	245.4	14.7
Inventories	158.7	0.0
Trade receivables	56.8	0.0
Other receivables and other assets	33.2	0.0
Liquidity	2.7	0.0
Assets held for sale	**496.8**	**14.7**
Provisions for pensions and similar employee benefits	101.7	0.0
Other provisions	27.2	0.0
Trade payables	47.2	0.0
Other liabilities	21.4	0.0
Liabilities in connection with assets held for sale	**197.5**	**0.0**

After the disposal of HITCO's business activity Aerostructures, prior period amounts show the remaining land and buildings of our subsidiary HITCO. As of September 30, 2016 these values remain unchanged.

Pension obligations

During the reporting period, SGL Group adjusted the pension discount rate in Germany and the US by 1.05 %- and 0.75 %-points, respectively, as a consequence of decreased long-term interest rate levels. As of September 30, 2016, the discount rates are 1.20 % in Germany (Dec 31, 2015: 2.25 %) and 3.50 % in USA (Dec 31, 2015: 4.25 %). The discount rate adjustment resulted in actuarial losses of €67.9 million and a corresponding opposing deferred tax effect of €16.6 million, which have been included in other comprehensive income in the first nine months 2016, thereby decreasing equity by €51.3 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 Discs), Stezzano, Italy, which is operated together with Brembo and produces and develops carbon ceramic brake discs, as well as Benteler SGL GmbH & Co. KG (Automotive Composites), Paderborn, Germany, operated together with Benteler and develops the use of glass and carbon fibers reinforced plastic (GFRP + CFRP) components in the automotive industry. SGL Group holds a share of 50 % in each of these companies. The table below provides summarized financial information for both joint ventures, as reported in their respective financial statements. It also shows the reconciliation of the summarized financial information to the carrying amount of SGL Group's share in both joint ventures.

	Nine months	
€ million	**2016**	2015
Ownership interest	**50%**	**50%**
Income statement		
Sales revenue	139.2	133.5
Operating profit/loss	17.8	9.0
Net financing result	–1.0	–1.2
Net result for the period (100%)	9.6	5.2
Share of SGL Group in the net result for the period	4.8	2.6
Balance Sheet	**Sep. 30, 16**	**Dec. 31, 15**
Non-current assets	73.3	73.7
Current assets	79.2	71.7
thereof cash and cash equivalents	*32.2*	*24.3*
Non-current liabilities	36.6	43.3
thereof financial liabilities	30.9	35.4
Current liabilities	43.4	42.2
thereof financial liabilities	*6.2*	*10.5*
Net assets (100%)	**72.5**	**59.9**
Share of SGL Group in the net assets	36.3	30.0
Goodwill/customer base	*3.9*	*3.9*
Accumulated impairment losses	–2.6	–2.6
Carrying amount of material joint ventures	**37.6**	**31.3**

The carrying amount of non-material investments accounted for At-Equity was €4.6 million (Dec. 31, 2015: €3.7 million) and their contribution to the result from investments accounted for At-Equity during 9M/2016 was €0.8 million (9M/2015: minus €1.3 million).

Additional disclosures on financial instruments

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

€ million
Financial assets
Cash and cash equivalents
Time deposits
Trade receivables
Available-for-sale financial assets
Other financial 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 €0.1 million (Dec. 31, 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 €1.1 million (Dec. 31, 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 Sep. 30, 16**	Amortized cost	Fair value through equity	Fair value through profit or loss	Carrying amount under IAS 17	Carrying amount as of Dec. 31, 15
1)	147.9	147.9				236.8
1)	9.0	9.0				14.0
1)	100.6	100.6				149.5
2)	4.2		4.2			5.5
1)	2.1	2.1				1.8
3)	0.1			0.1		0.1
n.a.	0.2		0.2			0.1
4)	250.0	250.0				250.0
4)	384.4	384.4				378.4
4)	125.7	125.7				128.0
4)	−9.2	−9.2				−11.6
n.a.	20.8				20.8	20.6
4)	81.3	81.3				162.9
4)	27.1	27.1				45.1
5)	1.1			1.1		0.7
n.a.	1.1		1.1			1.2
	259.6	259.6				402.1
	4.2		4.2			5.5
	0.1			0.1		0.1
	859.3	859.3				952.8
	1.1			1.1		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:

	Sep. 30, 16			
€ million	Level1	Level2	Level3	Total
Available-for-sale financial assets	4.2	-	-	4.2
Derivative financial assets	-	0.3	-	0.3
Derivative financial liabilities	-	2.2	-	2.2

	Dec. 31, 15			
€ million	Level1	Level2	Level3	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 €248.5 million as of September 30, 2016 (December 31, 2015: €247.7 million). The fair market value of the convertible bonds 2012/2018 and 2015/2020 as of September 30, 2016, was €224.0 million (December 31, 2015: €221.8 million) and €147.3 million (December 31, 2015: €152.1 million), respectively. As the fair values are derived from quoted prices in active markets, these financial instruments are allocated to Level 1.

Seasonality of operations

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

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

Other additional information

Issued capital rose to €236.4 million as of September 30, 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 nine months 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 September 30, 2016, there were 2,600,625 SARs and no matching shares outstanding. SGL Carbon SE held a total of 70,501 of its own shares (treasury shares) as of September 30, 2016. Based on an average number of 92.1 million shares, basic earnings per share amounted to minus €0.32 (9M/2015: minus €0.42 for continuing operations based on 91.6 million shares).

Segment information

€ million	CFM	GMS	T&I and Corporate	Consolidation adjustments	SGL Group
Nine months 2016 - continuing operations					
External sales revenue	234.5	321.4	6.2	0.0	562.1
Intersegment sales revenue	3.5	0.0	21.5	–25.0	0.0
Total sales revenue	**238.0**	**321.4**	**27.7**	**–25.0**	**562.1**
Operating profit/loss (EBIT) before non-recurring charges	16.8	18.8	–22.8	0.0	12.8
Non-recurring charges [4]	0.0	0.5	0.1	0.0	0.6
Operating profit/loss (EBIT) after non-recurring charges	16.8	18.3	–22.9	0.0	12.2
Capital expenditures[5]	7.5	6.8	7.7	0.0	22.0
Earnings before interest, taxes, depreciation and amortization before non-recurring charges	32.5	35.3	–18.8	0.0	49.0
Amortization/depreciation on intangible assets and property, plant and equipment	15.7	16.5	4.0	0.0	36.2
Capital employed [1]	391.1	393.8	73.9	0.0	858.8
Working Capital [2]	103.0	198.5	–12.4	0.0	289.1

€ million	CFM	GMS	T&I and Corporate	Consolidation adjustments	SGL Group
Nine months 2015 - continuing operations					
External sales revenue [3]	252.2	340.1	6.5	0.0	598.8
Intersegment sales revenue	3.1	0.0	21.1	–24.2	0.0
Total sales revenue	**255.3**	**340.1**	**27.6**	**–24.2**	**598.8**
Operating profit/loss (EBIT) before non-erecurring charges[3]	12.9	27.2	–31.5	0.0	8.6
Non-recurring charges [4]	0.3	0.9	0.8	0.0	2.0
Operating profit/loss (EBIT) after non-recurring charges[3]	12.6	26.3	–32.3	0.0	6.6
Capital expenditures[5]	22.4	8.0	1.6	0.0	32.0
Earnings before interest, taxes, depreciation and amortization before non-recurring charges[3]	28.5	43.8	–26.5	0.0	45.8
Amortization/depreciation on intangible assets and property, plant and equipment	15.6	16.6	5.0	0.0	37.2
Capital employed (Dec. 31) [1] [6]	372.1	395.8	72.8	0.0	840.7
Working Capital (Dec. 31) [2] [6]	78.2	187.6	–10.7	0.0	255.1

[1] Defined as the sum of goodwill, other intangible assets, property, plant and equipment, investments accounted for At-Equity, and working capital
[2] Defined as sum of inventories, and trade receivables less trade payables
[3] Prior year comparatives of CFM adjusted for the reclassification of HITCO's materials business to continuing operations
[4] Non-recurring include restructuring expenses
[5] Defined as total of capital expenditure in other intangible assets and property, plant and equipment
[6] Adjusted for the assets and liabilities of PP

Subsequent events

Agreement on the sale of the graphite electrodes business (GE)

SGL Group signed a sale and purchase agreement to sell its graphite electrode (GE) business to Showa Denko (SDK, Japan) on October 20, 2016, for an enterprise value (cash and debt free) of €350 million. GE's assets and liabilities as well as the related income and expenses are disclosed as discontinued operations in the reporting period. The final cash proceeds will be determined after deduction of standard debt-like items (mainly pension and restructuring provisions) and will be based on the balance sheets at closing. Closing is expected in the first half of 2017. On the basis of the agreement, an impairment charge on GE's assets was recorded in the reporting period relating to transaction costs and the continuation of the business until closing.

Downsizing of the Board of Management

As part of SGL Group's strategic realignment, the Board of Management will be reduced from three to two members. Accordingly, the Supervisory Board of SGL Carbon SE and Board of Management member Dr. Gerd Wingefeld have mutually agreed not to renew his contract expiring at the end of September 2017 and to terminate it prematurely effective end of this year. Gerd Wingefeld has been a member of the Board of Management since 2008, responsible, among others, for Technology & Innovation. In his function as Chief Executive Officer, Dr. Jürgen Köhler will assume this responsibility from Gerd Wingefeld.

Wiesbaden, November 9, 2016

SGL Carbon SE
The Board of Management of SGL Group

Dr. Jürgen Köhler Dr. Michael Majerus Dr. Gerd Wingefeld

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 9, 2016

SGL Carbon SE
The Board of Management

Other information

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

	Nine months		
€ million	**2016**	2015	Change
Sales revenue			
Composites - Fibers & Materials [1)]	234.5	252.2	–7.0%
Graphite Materials & Systems	321.4	340.1	–5.5%
T&I and Corporate	6.2	6.5	–4.6%
SGL Group - continuing operations	**562.1**	**598.8**	**–6.1%**
SGL Group - discontinued operations (PP)	**310.3**	**406.3**	**–23.6%**

	Nine months		
€ million	**2016**	2015	Change
EBIT before non-recurring charges [2]			
Composites - Fibers & Materials [3]	16.8	12.9	30.2%
Graphite Materials & Systems	18.8	27.2	–30.9%
T&I and Corporate	–22.8	–31.5	27.6%
SGL Group - continuing operations	**12.8**	**8.6**	**48.8%**
SGL Group - discontinued operations (PP)	**–20.4**	**23.9**	**>–100.0%**

[1] Prior year figures adjusted for the classification of HITCO's materials business as continuing operations
[2] Non-recurring charges of minus €0.6 million and minus €2.0 million in the first nine months 2016 and 2015, respectively (continuing operations)
[3] Prior year figures adjusted for the reclassification of the At-Equity result as part of operating result (EBIT) and the classification of HITCO's materials business as continuing operations

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

	2015					2016			
€ million	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	**Q3**	**Q1-Q3**
Sales revenue									
Composites - Fibers & Materials [1]	86.1	86.4	79.7	75.1	327.3	82.3	74.2	78.0	234.5
Graphite Materials & Systems	104.1	114.9	121.1	113.4	453.5	103.0	115.9	102.5	321.4
T&I and Corporate	2.9	2.4	1.2	2.2	8.7	2.2	1.8	2.2	6.2
SGL Group - continuing operations	**193.1**	**203.7**	**202.0**	**190.7**	**789.5**	**187.5**	**191.9**	**182.7**	**562.1**
SGL Group - discontinued operations (PP)	**128.3**	**141.5**	**136.5**	**127.1**	**533.4**	**107.2**	**101.4**	**101.7**	**310.3**

€ million	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 Full Year	2016 Q1	2016 Q2	2016 Q3	2016 Q1-Q3
EBIT before non-recurring charges (recurring EBIT) [2)]									
Composites - Fibers & Materials [3)]	0.4	5.3	7.2	–1.6	11.3	7.8	4.4	4.6	16.8
Graphite Materials & Systems	8.9	7.7	10.6	6.9	34.1	7.0	6.5	5.3	18.8
T&I and Corporate	–11.7	–10.7	–9.1	–0.2	–31.7	–8.4	–7.7	–6.7	–22.8
SGL Group - continuing operations	**–2.4**	**2.3**	**8.7**	**5.1**	**13.7**	**6.4**	**3.2**	**3.2**	**12.8**
SGL Group - discontinued operations (PP)	**8.2**	**8.7**	**7.0**	**–4.5**	**19.4**	**–8.8**	**–11.0**	**–0.6**	**–20.4**

in %	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 Full Year	2016 Q1	2016 Q2	2016 Q3	2016 Q1-Q3
Return on sales (EBIT-margin)									
Composites - Fibers & Materials [3)]	0.5	6.1	9.0	–2.1	3.5	9.5	5.9	5.9	7.2
Graphite Materials & Systems	8.5	6.7	8.8	6.1	7.5	6.8	5.6	5.2	5.8
SGL Group - continuing operations	**–1.2**	**1.1**	**4.3**	**2.7**	**1.7**	**3.4**	**1.7**	**1.8**	**2.3**
SGL Group - discontinued operations (PP)	**6.4**	**6.1**	**5.1**	**–3.5**	**3.6**	**–8.2**	**–10.8**	**–0.6**	**–6.6**

[1)] Prior year figures adjusted for the classification of HITCO's materials business as continuing operations

[2)] Non-recurring charges of minus €6.8 million in 2015 and minus €0.6 million in the first nine months 2016 (continuing operations)

[3)] Prior year figures adjusted for the reclassification of the At-Equity result as part of operating result (EBIT) and the classification of HITCO's materials business as continuing operations

Quarterly Consolidated Income Statement

	2015					2016			
€ million	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	**Q3**	**Q1-Q3**
Sales revenue	**193.1**	**203.7**	**202.0**	**190.7**	**789.5**	**187.5**	**191.9**	**182.7**	**562.1**
Cost of sales	−165.4	−165.1	−160.7	−158.2	−649.4	−149.0	−158.7	−151.3	−459.0
Gross profit	**27.7**	**38.6**	**41.3**	**32.5**	**140.1**	**38.5**	**33.2**	**31.4**	**103.1**
Selling, administrative, R&D and other operating income/expense	−30.0	−36.4	−33.9	−26.6	−126.9	−33.6	−31.8	−30.5	−95.9
Result from investments accounted for At-Equity	−0.1	0.1	1.3	−0.8	0.5	1.5	1.8	2.3	5.6
Operating result/EBIT before non-recurring charges (recurring EBIT)	**−2.4**	**2.3**	**8.7**	**5.1**	**13.7**	**6.4**	**3.2**	**3.2**	**12.8**
Restructuring expenses	0.0	−1.4	−0.6	−4.8	−6.8	0.2	−0.2	−0.6	−0.6
Operating result/EBIT	**−2.4**	**0.9**	**8.1**	**0.3**	**6.9**	**6.6**	**3.0**	**2.6**	**12.2**
Net financing result	−11.1	−12.1	−16.5	−12.6	−52.3	−15.3	−10.6	−12.8	−38.7
Result from continuing operations before income taxes	**−13.5**	**−11.2**	**−8.4**	**−12.3**	**−45.4**	**−8.7**	**−7.6**	**−10.2**	**−26.5**
Income tax expense	0.8	−2.1	−2.1	−18.7	−22.1	−7.5	0.8	4.9	−1.8
Result from continuing operations	**−12.7**	**−13.3**	**−10.5**	**−31.0**	**−67.5**	**−16.2**	**−6.8**	**−5.3**	**−28.3**
Result from discontinued operations, net of income taxes	−2.5	−55.2	−9.8	−158.3	−225.8	−9.8	−39.6	−45.3	−94.7
Net result for the period	**−15.2**	**−68.5**	**−20.3**	**−189.3**	**−293.3**	**−26.0**	**−46.4**	**−50.6**	**−123.0**
Thereof attributable to:									
Non-controlling interests	1.3	0.0	0.3	0.1	1.7	0.4	0.4	0.3	1.1
Consolidated net result (attributable to shareholders of the parent company)	−16.5	−68.5	−20.6	−189.4	−295.0	−26.4	−46.8	−50.9	−124.1

Review Report

To SGL Carbon SE

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the condensed consolidated statement of changes in equity and the notes to the interim condensed consolidated financial statement, and the interim group management report of SGL Carbon SE Wiesbaden, for the period from 1 January to 30 September 2016, which are part of the interim financial report pursuant to Sec. 37w (7) in conjunction with (2) No. 1 and No. 2 and (3) and 4 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] The preparation of the interim condensed consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW) and in supplementary compliance with International Standard on Review Engagements 2410 „Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Eschborn/Frankfurt am Main, 9. November 2016

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Bösser	Krzyzanowski
Wirtschaftsprüfer	Wirtschaftsprüfer

Financial Calendar

March 21, 2017

- Publication of Annual Report 2016
- Annual press conference
- Investor and analyst meeting (including conference call)

May 11, 2017

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

May 17, 2017

- Annual General Meeting

August 10, 2017

- Interim Report on the First Half Year 2017
- Conference call for investors and analysts

November 9, 2017

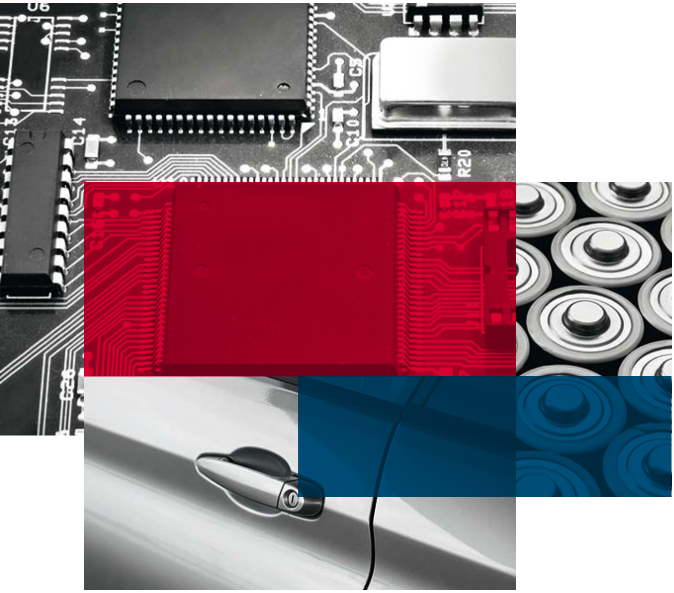
- Report on the First Nine Months 2017
- Conference call for investors and analysts

Investor Relations Contact

SGL CARBON SE
Head Office | Investor Relations
Söhnleinstraße 8
65201 Wiesbaden
Telefon: +49 611 6029-103
Telefax: +49 611 6029-101
E-Mail: Investor-Relations@sglgroup.com
www.sglgroup.com

Produced in house with firesys

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



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