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SGL GROUP
THE CARBON COMPANY

Changing. Improving. Earning.

Report on the first nine months 2015

Summary

- 9M/2015: Higher recurring EBIT of €29 million (9M/2014: €3 million) on stable sales of €988 million
- Savings from SGL2015 reach €34 million in the reporting period and €191 million since the inception of the program
- Outlook on Group earnings for full year 2015 confirmed
- Successful optimization of maturity profile through placement of a €167 million convertible bond due 2020 and subsequent repurchase of convertible bond due 2016
- Renewed pricing pressure reduces earnings expectations in graphite electrode business
- Acceleration of legal separation of business unit PP and review of further measures

Financial highlights (unaudited)

	Nine Months		
€m	**2015**	2014	Change
Sales revenue	988.3	987.5	0.1%
EBITDA before non-recurring charges	95.9	63.1	52.0%
Operating Profit/EBIT before non-recurring charges	29.0	3.0	>100.0%
Return on sales (EBIT-margin)[1]	2.9%	0.3%	–
Return on capital employed (ROCE $_{EBITDA}$)[2]	8.0%	4.7%	–
EBIT	21.1	–21.4	>100.0%
Consolidated net result (attributable to the shareholders of the parent company)	–105.6	–91.5	–15.4%
Earnings per share – basic and diluted (in €)	–1.15	–1.29	10.9%
Earnings per share – continuing operations, basic and diluted (in €)	–0.31	–0.94	67.0%

€m	**Sept. 30, 2015**	Dec. 31, 2014	Change
Total assets	2,036.1	2,170.3	–6.2%
Equity attributable to the shareholders of the parent company	460.0	567.6	–19.0%
Net financial debt	519.7	389.9	33.3%
Gearing[3]	1.13	0.69	–
Equity ratio[4]	22.6%	26.2%	–

[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 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

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Interim Group Management Report

(unaudited)

Economic environment

In its World Economic Outlook of October 2015, the International Monetary Fund (IMF) has again reduced its global growth forecast for 2015 by 0.2%-points to 3.1%. Thus, the expected growth rate for 2015 is now slightly below the 3.3% and 3.4% that was achieved in 2013 and 2014, respectively. In relative terms, especially when compared to the forecast of July 2015, growth prospects for the industrialized countries (minus 0.1%-points) have deteriorated slightly less than those the developing and emerging countries (minus 0.2%-points). With respect to the overall factors influencing global growth, risks continue to dominate, according to the IMF. These include, in particular, declining commodity prices, lower capital inflows in some emerging and developing countries in conjunction with a devaluation of their currencies and increasing volatility in the global capital markets.

From a regional perspective, the developed countries continue to show the strongest growth dynamic as their growth is expected to accelerate from only 1.1% in 2013 and 1.8% in 2014 to 2.0% in 2015 and 2.2% in 2016. Growth expectations in the emerging and developing countries while considerably stronger at 4.0% in 2015 and 4.5% in 2016, lose momentum as compared to the 5.0% in 2013 and 4.6% in 2014. For the euro zone, the IMF is expecting an increase in economic performance of 1.5% in 2015, unchanged compared to the forecast of July 2015. The current year‘s growth forecast for Germany, according to the IMF, amounts to 1.5%, which is 10 basis points below the expectation in the July forecast. For China, the experts anticipate for this year growth of 6.8%, unchanged compared to the forecast in July, but well below the 7.3% that were achieved in 2014.

As a result of the continuing high risks, the IMF has revised downward its growth expectations for the global economy in 2016 by 0.2%-points to 3.6% compared to its July forecast.

The economic conditions in the global steel sector have deteriorated further since the beginning of the year. Thus, the World Steel Association (World Steel Association WSA) has assumed in its latest forecast from October 2015, that the world steel consumption will decline this year by 1.7% compared to the previous year to 1,513 million tons. In April of the current year, WSA still predicted a growth of 0.5%. For China, the world’s largest steel producer and consumer, the WSA expects a decline of 3.5% in the demand for steel in the current year. Steel demand in 2015 in developed countries is also forecasted to decline by 2.1%.

Key events of the business development

Issuance of a new convertible bond and repurchase of the convertible bond 2009/2016

On September 9, 2015, SGL Carbon SE placed an aggregate principal amount of €167 million of unsecured convertible bonds due September 2020. The convertible bonds are convertible into approximately nine million shares and carry a coupon of 3.5% p.a. SGL Carbon SE used the proceeds from the offering to refinance the repurchase of the convertible bonds 2009/2016, whose outstanding principal amount was €134.7 million at the date of the issuance of the new convertible bond, and also for general corporate purposes. Within the framework of a repurchase invitation which expired on September 15, 2015, more than 80% of the outstanding amount of the convertible bond 2009/2016 were tendered for purchase against cash; the remaining convertible bonds were redeemed during October based on the early redemption right at the option of SGL Carbon SE based on a minimal outstanding aggregate principal amount.

Agreement on the sale of the aerostructures business of HITCO leads to impairment in Q2/2015

On July 20, 2015, SGL Group concluded an agreement with Toronto listed Avcorp Industries Inc. (Canada) for the sale of the civil and military composite aerostructures business of our subsidiary HITCO Carbon Composites, Inc. (USA). HITCO's material division is not part of this transaction.

The terms of the agreement result in overall negative disposal proceeds of US$47 million (including repayments of customer advance payments and costs relating to various services to the benefit of the buyer). The purchase consideration is subject to customary adjustments based on the working capital of HITCO and further adjustments. The related cash outflow will amount to approximately €40 million, of which roughly half will be payable on closing. The remaining amount will be paid in two instalments from 2016 onwards.

This lead to a non-cash impairment charge of €53.2 million on the HITCO assets held for sale recorded under discontinued operations in the income statement as of June 30, 2015.

The transaction is subject to customary closing conditions, including approval by a relevant US authority and non-occurrence of a material adverse change until closing. Following an extension of the evaluation period by the respective US authority by up to 45 days, closing is now expected by mid of December. The last ancillary agreements are close to being finally negotiated.

Further streamlining of the organization as part of SGL2015 leads to changed reporting structure of the segments GMS and T&I and Corporate

As of January 1, 2015, the organizational structure was further streamlined within the framework of the group-wide cost savings program SGL2015 and the former five business units were merged to form three operating business units. This restructuring will create additional synergies and will further streamline the organizational structure and workflows within the units.

The business units Graphite & Carbon Electrodes (GCE) and Cathodes & Furnace Linings (CFL) were merged to form the operational business unit Performance Products (PP). For financial reporting purposes, and unchanged to prior periods, this business unit will be disclosed in the reporting segment with the same name, Performance Products. The former business units Graphite Specialties (GS) and Process Technology (PT) now form the business unit Graphite Materials & Systems (GMS), and will be reported as such. The business unit Carbon Fibers & Composite Materials (CF/CM) remains unchanged and will continue to be presented together with the proportionately consolidated joint operations with the BMW Group (SGL ACF) in the reporting segment Carbon Fibers & Materials (CFM). As a result, since January 1, 2015 onwards, all of our operational activities are bundled in the three reporting segments PP, GMS, and CFM. The central and service functions, research activities and our SGL Excellence activities will be included in the separate reporting segment T&I and Corporate.

Business development

Segment reporting

Reporting segment Performance Products (PP)

	Nine Months		
€m	**2015**	2014	Change
Sales revenue	406.3	428.8	– 5.2%
EBITDA before non-recurring charges[1)]	54.0	45.7	18.2%
EBIT before non-recurring charges[1)]	23.9	16.2	47.5%
Return on sales	5.9%	3.8%	–
EBIT	18.3	9.7	88.7%

1) Non-recurring charges of €5.6 million and €6.5 million in the first nine months 2015 and 2014, respectively

The electric steel industry, which is the relevant segment for our graphite electrode business, continued to be affected by a weak demand environment in the reporting period, mainly due to the Chinese blast furnace steel overproduction. Due to reduced domestic demand in China, this steel production has increasingly been exported overseas at very low prices, resulting in decreased electric steel production in those areas. Consequently, the demand for graphite electrodes has also receded. In addition, graphite electrode prices declined, intensified by lower raw material costs, which substantially declined due to the low crude oil price. The cathode business developed positively, as it continued to benefit from a high capacity utilization. However, the higher cathode sales as well as positive currency effects of 7% could only partially compensate for the weaker graphite electrode development. Accordingly, sales in the reporting segment Performance Products declined by 5% to €406.3 million in the first nine months 2015 (9M/2014; €428.8 million).

Recurring EBIT in the reporting period improved by almost 50% to €23.9 million (9M/2014: €16.2 million) due to cost reductions, resulting from the above mentioned raw material price developments as well as from the cost savings program SGL2015. The EBIT margin also increased to 5.9% in the reporting period compared to the prior year period (9M/2014: 3.8%). Savings from SGL2015 amounted to €17.1 million in the first nine months 2015, of which €6.3 million are attributable to our SGL Excellence initiative.

As reported earlier, we terminated our graphite electrode production at two plants with a total annual capacity of approximately 60,000t in Lachute (Canada) and Narni (Italy) in the reporting segment PP as part of the cost savings program SGL2015. Non-recurring charges of €5.6 million (9M/2014: €6.5 million) were incurred in the reporting period relating mainly to the closure of the Narni facility. As a consequence, EBIT after non-recurring charges amounted to €18.3 million in the first nine months 2015 (9M/2014: €9.7 million).

Reporting segment Graphite Materials & Systems (GMS)

	Nine Months		
€m	**2015**	2014	Change
Sales revenue	340.1	338.0	0.6%
EBITDA before non-recurring charges[1)]	43.8	52.7	–16.9%
EBIT before non-recurring charges[1)]	27.2	37.2	–26.9%
Return on sales	8.0%	11.0%	–
EBIT	26.3	36.5	–27.9%

1) Non-recurring charges of €0.9 million and €0.7 million in the first nine months 2015 and 2014, respectively

Sales in the reporting segment Graphite Materials & Systems at €340.1 million remained virtually unchanged in the reporting period compared to the prior year period (9M/2014: €338.0 million). Currency adjusted, sales declined by 6%. The main reason for this development is a project related big ticket order from a customer in the electronics industry in the prior year period. In our process technology business, sales in the third quarter recovered strongly after a weak start in the first half year, resulting from the subdued order intake in 2014. Demand for our anode materials for the lithium ion battery industry continued to develop favorably.

As expected, the lower utilization of our production facilities, particularly following the non-recurrence of last year's big ticket order, led to a declining result in the first nine months 2015, which was partly compensated by positive currency effects, one-time gains from a land sale and from an insurance compensation payment. In total, recurring EBIT decreased by 27% to €27.2 million (9M/2014: €37.2 million). The corresponding EBIT margin amounted to 8.0% and was thus below last year's level (9M/2014: 11.0%).

Cost savings from SGL2015 amounted to €9.4 million in the reporting period, of which €5.9 million was attributable to our SGL Excellence initiative.

Non-recurring charges of €0.9 million relating to SGL2015 were incurred in the reporting segment GMS in the reporting period (9M/2014: €0.7 million), mainly due to personnel measures. Therefore EBIT after non-recurring charges amounted to €26.3 million (9M/2014: €36.5 million) in the first nine months 2015.

Reporting segment Carbon Fibers & Materials (CFM)

	Nine Months		
€m	**2015**	2014	Change
Sales revenue	235.4	213.5	10.3%
EBITDA before non-recurring charges[1]	23.5	– 8.4	>100.0%
EBIT before non-recurring charges[1]	8.4	– 18.1	>100.0%
Return on sales	3.6%	– 8.5%	–
EBIT	8.1	– 18.5	>100.0%

[1] Non-recurring charges of €0.3 million and €0.4 million in the first nine months 2015 and 2014, respectively

Sales in the reporting segment Carbon Fibers & Materials increased by 10% (currency adjusted by 4%) to €235.4 million in the first nine months 2015 (9M/2014: €213.5 million), mainly due to the significantly higher sales in our proportionally consolidated joint operations with BMW Group. But also the Business Unit Carbon Fibers & Composite Materials (CF/CM) was able to increase sales in the first nine months 2015 due to the increased demand from various customer industries.

In the first nine months 2015, recurring EBIT increased substantially to positive €8.4 million from minus €18.1 million in the prior year period, leading to an EBIT margin of 3.6% (9M/2014: minus 8.5%). Both the Business Unit CF/CM as well as our joint operations with BMW Group, SGL ACF, contributed positively to this development, the latter mainly due to planned lower ramp up costs and improved productivity. Cost savings from SGL2015 amounted to €3.2 million in the reporting period, of which €1.4 million were attributable to our SGL Excellence initiative.

Non-recurring charges of €0.3 million relating to SGL2015 were incurred during the first nine months 2015 in the reporting segment CFM (9M/2014: €0.4 million). Accordingly, EBIT after non-recurring charges amounted to €8.1 million in the reporting period (9M/2014: minus €18.5 million).

At-Equity accounted business activities within SGL Group
(aggregated results attributable to SGL Group are reported under results from investments accounted for At-Equity)

	Nine Months		
€m	**2015**	2014	Change
Sales revenue[1]	183.7	157.1	16.9%

[1] Aggregated, unconsolidated 100% values for all investments accounted for At-Equity

Sales revenue of all investments accounted for At-Equity increased by 17% in the first nine months 2015 to €183.7 million (9M/2014: €157.1 million, 100% values for companies) and is not included in our consolidated Group sales figure. Main investments accounted for At-Equity are Brembo SGL (Italy and Germany) and Benteler SGL (Germany and Austria).

Brembo SGL
The joint venture with Brembo for the production and further development of carbon ceramic brake discs was able to record a significant increase in shipments in the course of 2015. Sales increased by 16% in the first nine months 2015 compared to the prior year period. Consequently, the production facilities in Meitingen (Germany) and Stezzano (Italy) continue to be nearly fully utilized and will continue to be gradually expanded to meet the further growing brake disc demand for new car models. Having already achieved an operating profit in fiscal year 2014, the positive earnings trend strengthened in the first nine months 2015. As a result of the favorable earnings development in 2014, the joint venture was able to distribute a dividend to its parent companies for the first time.

Benteler SGL
We develop the use of CFRP components in the automotive industry in our joint venture with Benteler. Numerous projects with various OEMs in the automotive industry were awarded to us in the last years and are now in the serial production launch stage. After a strong sales growth in 2014, sales increased by 20% in the first nine months 2015. In the reporting period, startup losses relating to the serial production launches for new automotive projects were on a lower level than in the prior year.

Reporting segment T&I and Corporate

	Nine Months		
€m	**2015**	2014	Change
Sales revenue	6.5	7.2	– 9.7%
EBITDA before non-recurring charges[1]	– 25.4	– 26.9	5.6%
EBIT before non-recurring charges[1]	– 30.5	– 32.3	5.6%
EBIT	– 31.6	– 49.1	35.6%

[1] Non-recurring charges of €1.1 million and €16.8 million in the first nine months of the year 2015 and 2014, respectively

Recurring EBIT in the reporting segment T&I and Corporate in the first nine months 2015 at minus €30.5 million improved by 6% compared to the level of the prior year period (9M/2014: minus €32.3 million) as a result of SGL2015 savings.

SGL2015 savings amounted to €4.3 million in the reporting segment T&I and Corporate, relating mostly to savings from implemented personnel measures as well as lower travel expenses. SGL2015 savings do not include any SGL Excellence savings.

Non-recurring charges of €1.1 million were incurred in the reporting segment T&I and Corporate in the first nine months 2015 (9M/2014: €16.8 million). Accordingly, EBIT after non-recurring charges amounted to minus €31.6 million in the reporting period (9M/2014: minus €49.1 million).

Group business development

Condensed Consolidated Income Statement

	Nine Months		
€m	**2015**	2014	Change
Sales revenue	**988.3**	**987.5**	**0.1%**
Gross profit	195.4	164.6	18.7%
Selling, administrative and R&D expense	– 186.3	– 180.0	– 3.5%
Other operating income/expense	19.9	18.4	8.2%
EBIT before non-recurring charges	**29.0**	**3.0**	**>100.0%**
Restructuring expenses/others	– 7.9	– 24.4	67.6%
EBIT	**21.1**	**– 21.4**	**>100.0%**
EBITDA before non-recurring charges	**95.9**	**63.1**	**52.0%**

Group sales at €988.3 million remained on the same level as in the prior year period (currency adjusted minus 7%) as the positive sales development in the reporting segment CFM was offset by the sales decline in the Business Unit PP.

Gross margin at 19.8% was higher than the prior year level of 16.7%, mainly due to the higher gross margin in PP resulting from SGL2015 savings (particularly relating to the termination of our graphite electrode production in Narni, Italy) as well as positive cost effects from the higher capacity utilization at CFM. The GMS gross margin was, in contrast, slightly lower, as the prior year benefited from a very good capacity utilization based on a big ticket order.

Compared to the prior year period, selling, administrative, and research expenses increased marginally to €186.3 million. SGL2015 savings were offset mainly by currency driven higher US dollar based selling and administrative expenses and by higher consultancy costs relating to our Business Process Excellence initiative.

As a result, recurring Group EBIT increased and amounted to €29.0 million in the reporting period after €3.0 million in the prior year period (after consideration of the positive net amount from other operating income and expenses of €19.9 million in the reporting period and €18.4 million in the first nine month 2014). The EBIT margin improved from 0.3% in the first nine months 2014 to 2.9% in the reporting period. Cost savings from SGL2015 amounted to €34.0 million in the Group, of which €13.6 million was attributable to our SGL Excellence initiative.

Non-recurring charges in the first nine months 2015 totaled €7.9 million and relate mainly to restructuring expenses in conjunction with SGL2015. In the prior year period, non-recurring charges amounted to €24.4 million. Accordingly, Group EBIT after non-recurring charges reached €21.1 million (9M/2014: minus €21.4 million).

	Nine Months		
€m	**2015**	2014	Change
EBIT	**21.1**	**–21.4**	**>100.0%**
Result from investments accounted for At-Equity	1.3	–3.4	>100.0%
Net financing result	–40.9	–31.9	–28.2%
Result from continuing operations before income taxes	**–18.5**	**–56.7**	**67.4%**
Income tax expense	–7.9	–8.9	11.2%
Result from continuing operations	**–26.4**	**–65.6**	**59.8%**
Result from discontinued operations, net of tax	–77.6	–24.9	>–100.0%
Net result for the period	**–104.0**	**–90.5**	**–14.9%**
thereof attributable to:			
Non-controlling interests	1.6	1.0	60.0%
Consolidated net result (attributable to the shareholders of the parent company)	**–105.6**	**–91.5**	**–15.4%**
Earnings per share, basic and diluted (in €)	–1.15	–1.29	10.9%
Earnings per share continuing operations, basic and diluted (in €)	–0.31	–0.94	67.0%

Results from investments accounted for At-Equity

At the end of 2014, both shareholders of SGL Lindner (marketing of graphite-based cooling ceilings) resolved to discontinue the joint venture and to pursue this business separately from each other. Nearly all of the one-time costs associated with the closure had already been recorded by the year-end 2014, so that expenses incurred in the reporting period were of much lesser magnitude.

Results from investments accounted for At-Equity improved significantly to €1.3 million in the reporting period compared to the prior year period (9M/2014: minus €3.4 million). Brembo SGL's business performance continued to develop favorably during the first nine months 2015, which more than compensated for the losses of the Benteler SGL joint venture. Negative earnings contributions from the SGL Lindner joint venture were much lower during the reporting period compared to the prior year period as described above.

We continue to expect an improved result from investments accounted for At-Equity in the full year 2015 compared to the prior year, mainly due to higher production and shipment volumes.

Net financing result

	Nine Months		
€m	**2015**	2014	Change
Interest income	0.6	0.8	– 25.0%
Interest expense	– 22.0	– 22.8	3.5%
Imputed interest convertible bonds (non-cash)	– 6.9	3.0	>– 100.0%
Imputed interest finance lease (non-cash)	– 0.9	– 1.0	10.0%
Interest expense on pensions	– 6.9	– 8.1	14.8%
Interest expense, net	**– 36.1**	**– 28.1**	**– 28.5%**
Amortization of refinancing costs (non-cash)	– 2.1	– 2.2	4.5%
Other financial expense	– 2.7	– 1.6	– 68.8%
Other financing result	**– 4.8**	**– 3.8**	**– 26.3%**
Net financing result	**– 40.9**	**– 31.9**	**– 28.2%**

The net financing result decreased in the first nine months 2015 to minus €40.9 million after minus €31.9 million in the prior year period due to one time effects. The first nine months 2014 benefited from a positive one time effect resulting from the discounting of the convertible bond 2009/2016 following the non-exercise of the investor put in 2014. This improved the non-cash imputed interest balance by €9.6 million. In contrast, the first nine months 2015 were burdened by a negative one time effect that arose from the repurchase of the convertible bond 2009/2016, which increased other financial expenses by €3.9 million. Adjusted for one time effects, the net financing result improved by 11%.

The interest expense relates 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 2009/2016 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 lower interest expense on pensions reflects the decreased long-term interest rate for pension provisions of the German and US pension plans compared to the prior year.

Result from continuing operations before and after taxes

Due to the developments described above, the result from continuing operations before taxes improved by 67% from minus €56.7 million to minus €18.5 million. After consideration of income taxes of minus €7.9 million (9M/2014: minus €8.9 million), the result from continuing operations of minus €26.4 million improved compared to minus €65.6 million in the first nine months 2014.

Result from discontinued operations

Income and expenses incurred in the business unit Aerostructures (AS, HITCO) in 2015 and 2014 are reported separately as discontinued operations. As a result of the agreement on the sale of HITCO's aerostructures business signed in July 2015 and the negative selling price specified therein, SGL Group conducted event-driven impairment tests on the assets of this business, resulting in a write-down of the carrying amount to reflect the expected amount of net disposal proceeds as of June 30, 2015. Therefore, the result from discontinued operations of the period includes impairment charges in the amount of €53.2 million. Including current operating losses of HITCO, the total result from discontinued operations amounts to minus €77.6 million for the first nine months 2015 (9M/2014: minus €24.9 million).

Accordingly, the consolidated net result of the period decreased to minus €105.6 million compared to minus €91.5 million in the first nine months 2014 (after consideration of non-controlling interests of minus €1.6 million in the reporting period and minus €1.0 million in the first nine months 2014).

Balance sheet structure

€m	Sept. 30, 2015	Dec. 31, 2014	Change
ASSETS			
Non-current assets	1,023.1	1,058.7	– 3.4%
Current assets	981.2	1,033.4	– 5.1%
Assets held for sale	31.8	78.2	– 59.3%
Total assets	**2,036.1**	**2,170.3**	**– 6.2%**
EQUITY AND LIABILITIES			
Equity attributable to the shareholders of the parent company	460.0	567.6	– 19.0%
Non-controlling interests	16.7	17.1	– 2.3%
Total equity	**476.7**	**584.7**	**– 18.5%**
Non-current liabilities	1,168.1	1,083.1	7.8%
Current liabilities	337.3	445.0	– 24.2%
Liabilities associated with assets held for sale	54.0	57.5	– 6.1%
Total equity and liabilities	**2,036.1**	**2,170.3**	**– 6.2%**

Altogether, total assets as of September 30, 2015, decreased by 6% compared to December 31, 2014. Currency effects only had a minor impact on total assets.

Non-current assets as of September 30, 2015, were slightly below the level as at year end 2014, mainly driven by the decrease of fixed assets by €24.3 million to €869.6 million. On the one hand, fixed assets decreased because depreciation and amortization were €18.4 million higher than new capital expenditures. On the other hand, this development was also the result of the strong devaluation of the Malaysian Ringgit, which more than offset the positive USD-currency effects, reducing total fixed assets by €6.3 million. Furthermore, the carrying amount of investments accounted for At-Equity decreased by €4.1 million mainly as a result of a dividend payment received from Brembo SGL.

Among current assets, the €17.3 million increase in inventories was more than offset by the lower liquidity, which decreased by €51.3 million, as well as lower other receivables and other assets.

The increase in non-current liabilities is related to the issuance of the new convertible bond in September 2015, as well as to the changed presentation of the debt of SGL ACF. At year end 2014, SGL ACF's financial debt was classified as current; following the refinancing at the end of June 2015 and the therein agreed maturity of the debt at the end of 2018, the financial debt of SGL ACF amounting to €129.1 million is now presented as non-current. Offsetting effects resulted from the partial repayment of the 2009 convertible bonds with an outstanding principal amount of €107.5 million which was financed with the proceeds from the new convertible bond, and from the adjustment of the discount rate for the calculation of pension provisions in Germany (from 2% to 2.25%) and the USA (from 4% to 4.5%) to the higher interest rate environment expected in the long term. This reduced pension provisions by €23.8 million. Furthermore, provisions relating to tax audits amounting to €40.7 million were reclassified to current from non-current liabilities as a result of a settlement which has been completed in the meantime.

The decrease of current liabilities is related to the refinancing of the SGL ACF debt completed in the current period, as well as to lower trade accounts payable.

The development of the assets held for sale includes the adjustment of the book value of the Business Unit AS to the fair value less cost to sell. An agreement concluded in July 2015 to sell HITCO's aerostructures business to an acquirer and the negative disposal proceeds (including repayment of customer advance payments) agreed therein, led to an impairment charge of €53.2 million on the assets of the Business Unit AS, which was recorded in the results from discontinued operations. A table presenting the book values of the main groups of assets/liabilities held for sale is found in the notes to this condensed interim report.

Working Capital

€m	Sept. 30, 2015	Dec. 31, 2014	Change
Inventories	480.6	463.3	3.7%
Trade receivables	170.0	175.5	– 3.1%
Trade payables	– 122.8	– 176.4	30.4%
Working Capital	**527.8**	**462.4**	**14.1%**

Adjusted for currency effects of €4.0 million, working capital still increased by 13% or €61.4 million in the first nine months 2015. This development reflects some seasonal shipment patterns as well as the subdued demand at the beginning of this year. The decrease in trade payables relates to lower raw material costs as well as declining capital expenditures.

Changes in equity

As of September 30, 2015, equity attributable to the shareholders of the parent company amounted to €460.0 million (December 31, 2014: €567.6 million). The reduction is due to the negative consolidated net result of €105.6 million, which was burdened with losses from discontinued operations in the amount of €77.6 million and negative currency translation effects of 41.0 million. Latter are particularly a result of the devaluation of the Malaysian Ringgit during the third quarter 2015. Opposing effects resulted mainly from the IFRS equity component of the new convertible bond (€19.4 million), and the adjustment of the interest rate for pension provision calculations in Germany and the USA to the higher interest rate environment, which increased equity by €15.8 million (after tax).

Overall, the equity ratio declined to 22.6% compared to 26.2% as of December 31, 2014.

Net financial debt

€m	Sept. 30, 2015	Dec. 31, 2014	Change
Carrying amount of current and non-current financial liabilities	771.9	704.8	9.5%
Remaining imputed interest for the convertible bonds	12.7	21.5	– 40.9%
Accrued refinancing cost	31.3	11.1	>100.0%
Total financial debt (nominal amount)	**815.9**	**737.4**	**10.6%**
Time deposits	100.0	40.5	>100.0%
Cash and cash equivalents	196.2	307.0	– 36.1%
Total liquidity	**296.2**	**347.5**	**– 14.8%**
Net financial debt	**519.7**	**389.9**	**33.3%**
thereof: SGL ACF			
Current and non-current financial liabilities	129.1	110.5	16.8%
Cash and cash equivalents	15.7	11.0	42.7%
Net financial debt SGL ACF	113.4	99.5	14.0%
Net financial debt without SGL ACF	**406.3**	**290.4**	**39.9%**

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 expected, net financial debt of SGL Group as of September 30, 2015 increased by €129.8 million or 33% to €519.7 million, due to the increase of financial liabilities of SGL ACF by €18.6 million (increase net of currency effects: €10.6 million), and due to the decrease in liquidity to €296.2 million compared to €347.5 million at year-end 2014. This development is mainly attributable to the buildup of working capital as well as to one-time cash outflows in connection with the settlement of US dollar currency hedges. These currency hedges were settled in the first half year 2015 because the originally expected and thus hedged US dollar cash inflows from HITCO will not materialize. The proceeds from the issuance of the new convertible bonds were mainly used to refinance the partial repayment of the convertible bonds 2009/2016.

Free cash flow

	Nine Months	
€m	**2015**	2014
Cash flow from operating activities		
Result from continuing operations before income taxes	–18.5	–56.7
Non-recurring charges	7.9	24.4
Depreciation and amortization expense	66.9	60.2
Changes in working capital (net)	–61.5	–11.5
Miscellaneous items	–41.8	–17.9
Cash flow from operating activities-continuing operations	**–47.0**	**–1.5**
Cash flow from investing activities		
Capital expenditure on intangible assets and property, plant and equipment (without SGL ACF)	–38.3	–39.5
Capital expenditure on intangible assets and property, plant and equipment (SGL ACF)	–10.2	–54.2
Proceeds from sale of intangible assets and property, plant and equipment	3.0	1.5
Payments for the acquisition of subsidiaries (less cash acquired)	–	–0.8
Dividend payments from investments accounted for At-Equity	7.0	–
Payments for capital contributions concerning investments accounted for At-Equity and payments for other financial assets	–1.1	–5.0
Cash flow from investing activities-continuing operations	**–39.6**	**–98.0**
Free cash flow [1]	*–86.6*	*–99.5*

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

In the first nine months 2015, cash flow from operating activities – continuing operations – amounted to minus €47.0 million after minus €1.5 million in the prior year period, mainly due the buildup of working capital (primarily driven by lower trade accounts payable following the decrease in raw material prices). Miscellaneous items mainly include the cash effects resulting from the settlement of US dollar hedges mentioned above and higher interest payments in the reporting period as compared to the prior year period.

Capital expenditures in intangible assets and property, plant and equipment decreased by 48% to €48.5 million in total, mainly due to declining investment activity at SGL ACF.

This reflects, on the one hand, the concluded capacity expansion at our joint operations with the BMW Group, and, on the other hand, the stringent investment policy applied to our established businesses.

Total free cash flow in the reporting period improved to minus €86.6 million compared to the prior year period (9M/2014: minus €99.5 million). As expected, free cash flow from continued operations was slightly positive in the third quarter 2015.

Free cash flow from discontinued operations amounted to minus €29.8 million in the reporting period (9M/2014: minus €26.7 million).

Employees

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

Headcount	**Sept. 30, 2015**	Dec. 31, 2014	Change
Performance Products	1,858	1,990	– 6.6%
Graphite Materials & Systems	2,534	2,641	– 4.1%
Carbon Fibers & Materials	1,078	1,054	2.3%
T&I and Corporate	167	174	– 4.0%
Total continuing operations	**5,637**	**5,859**	**– 3.8%**
Discontinued operations (HITCO)	479	483	– 0.8%
Total SGL Group	**6,116**	**6,342**	**– 3.6%**

Headcount	**Sept. 30, 2015**	Dec. 31, 2014	Change
Germany	2,204	2,259	– 2.4%
Europe excluding Germany	1,891	1,997	– 5.3%
North America	844	864	– 2.3%
Asia	698	739	– 5.5%
Total continuing operations	**5,637**	**5,859**	**– 3.8%**
Discontinued operations (HITCO)	479	483	– 0.8%
Total SGL Group	**6,116**	**6,342**	**– 3.6%**

The number of employees in our continuing businesses amounted to 5,637 as of September 30, 2015 (December 31, 2014: 5,859). The reduction of 222 employees in the first nine months 2015 reflects continuing effects from the implementation of SGL2015 measures, mainly resulting from the termination of our graphite electrode production in Narni (Italy). Including the discontinued activities, the number of employees at SGL Group totaled 6,116 as of September 30, 2015 (December 31, 2014: 6,342).

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 780, of which 339 relate to the sale of our rotor blades activities 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, 2014, 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.

At present stage, we continue to see risks associated with the sovereign debt crisis in various regions in the world. This can negatively impact the financial situation of our customers and 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. Besides such regional and global economic trends, we also generally face more subdued, and in certain cases even markedly reduced, demand in our customer industries. Exchange rate fluctuations could increase competitive pressures. An increase in raw material prices could negatively impact profit margins.

In the reporting segment Performance Products, prices for graphite electrodes have continuously deteriorated since the middle of 2013. The further increased steel exports from China will again lead to decreased electric steel production and, ultimately, to declining demand of graphite electrodes. This means the overcapacity situation in the core graphite electrode business is intensifying, which may adversely affect the earnings situation.

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 risk situation in the reporting segment Carbon Fibers & Materials continues to arise from the unstable demand for industrial carbon fibers. Risks can arise from sluggish growth in the wind power sector, 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.

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

The agreement on the sale of the aerostructures business of HITCO dated July 20, 2015, bears risks in regards to the final sale consideration; latter is subject to customary adjustments. In addition, risks also arise in regards to the execution of this sales agreement, with respect to, among others, the conclusion of ancillary agreements. On October 26, 2015 we were informed by the respective US authority that their evaluation period will be extended by up to 45 days.

SGL Group is subject to regular tax audits.

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. With the new convertible bond issuance and the early redemption of the convertible bond due in 2016, we improved the maturity profile of our financial debt.

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 Performance Products (PP)

The situation in the global steel industry remains very difficult. Current capacity utilisation at approximately 70% is comparable to the low levels seen during the peak of the financial crisis 2008/2009. Chinese steel exports continue to rise due to weak domestic demand, depressing steel production in the rest of the world. In addition, historic low iron ore prices render steel production in blast furnaces more economical than in electric arc furnaces, leading to disproportionately lower electric steel production. This reduced demand leads to a continued oversupply of graphite electrodes with corresponding pressure on prices. This difficult environment, within which the graphite electrode business of SGL Group operates, has substantially worsened in the final quarter of this year.

Accordingly we now expect a small decline in sales in the reporting segment Performance Products (PP), which is exclusively attributable to the graphite electrode business. As planned, cathode sales will be significantly above the prior year level. Despite lower costs resulting from measures implemented within the framework of SGL2015 as well as from reduced raw material costs and the earnings improvement in the first nine months of this year, EBIT before non-recurring charges in the full year 2015 is now expected to be slightly below the prior year level due to the expected weak fourth quarter.

Reporting segment Graphite Materials & Systems (GMS)

In fiscal year 2014, the reporting segment GMS benefited from a big ticket order. Due to this large order in the prior year and against the backdrop of a slightly weaker order intake in the first half year 2015, we continue to expect, in aggregate, a stable sales development.

EBIT of the prior year also benefited from the big ticket order. In combination with the subdued order intake in the first half of this year, we still expect EBIT to decline by a mid to high single digit million € amount compared to the previous year.

Reporting segment Carbon Fibers & Materials (CFM)

Slight growth is anticipated for our reporting segment Carbon Fibers & Materials (CFM), due above all to the capacity expansion in our two joint operations with BMW Group (SGL ACF, USA and Germany). However, the sales of our precursor subsidiary Fisipe is developing in the opposite direction, since the price of acrylic fiber closely correlates to that of crude oil.

EBIT for this reporting segment is benefitting both from the completion of the start-up phase in our joint operations with BMW Group in mid-2015, as well as from increasing demand for composite materials and slightly higher demand from the wind industry.

T&I and Corporate

Expenses for our centralized research activities are expected on the same level as in the prior year. Despite higher expenses related to new strategy and efficiency projects, which we are implementing together with external consultants, corporate costs are expected to decline in the full year, mainly as a result of one-time gains from the sale of non-operating assets. In total, expenses for T&I and Corporate are now also expected to decrease compared to the prior year level.

Group

Due to the developments described, we confirm our Group earnings guidance for fiscal year 2015, which we published with the annual report in March 2015. We expect Group sales to remain roughly stable in 2015 in comparison to the prior year. Recurring Group EBITDA and recurring Group EBIT should significantly improve year over year, as the weaker result in the reporting segment Performance Products should be compensated by higher earnings in the reporting segment Carbon Fibers & Materials and at T&I and Corporate. For the final quarter of this year we expect a Group EBIT at breakeven level, as the earnings in the reporting segment Performance Products is anticipated to decline strongly.

We are pursuing our SGL2015 cost savings program with highest priority. Since the launch of the program in the summer of 2013, we were already able to achieve cumulative savings of a total of €191 million and hence more than originally expected. Accordingly, the total savings target (based on actual costs in 2012) was increased from initially €150 million to more than €200 million in September 2014 and finally to €240 million in the first quarter 2015. Savings in a mid double-digit million euro amount could therefore once again be realistic for 2015. In connection with SGL2015, restructuring expenses will once again be incurred in 2015, but at a much lower level than in 2014. Together with optimization measures in the context of the strategic realignment as announced on July 7, 2015, we expect total restructuring expenses to amount to a low double digit million € figure.

On November 3, 2015, we reported on a renewed deterioration in the graphite electrode markets. This development confirms our strategy to legally separate the business unit PP within the SGL Group as communicated on July 7, 2015. At the same time we are reviewing further site optimization and capacity reduction measures including potential site closures as well as further reductions in personnel from adapting the business model – this could result in additional restructuring expenses in 2015 in a mid to high double digit million € amount, of which the majority is expected to be non-cash.

Similar to last year, we anticipate restructuring cash outflows in a mid double-digit million euro amount since payments for the measures initiated in 2013 and 2014 were not immediately due. Against the backdrop of a tax settlement a cash outflow of €35 million occurred in October 2015 as announced. These payments, in addition to high capital expenditures for capacity expansions in our joint operations with BMW Group during the first half of 2015, will continue to burden free cash flow from continuing operations in 2015. A large part of this development already took place in the first half year 2015. After achieving a small positive free cash flow from continued operations in the third quarter 2015, we also expect to post a small positive free cash flow from continued operations in the final quarter of this year before the tax payment mentioned above.

On the whole, net debt will be significantly higher at year end 2015 than at year end 2014.

Since a number of long-term expansion projects are either largely completed or at the end of their investment phase in all established businesses, capital expenditure requirements have declined since 2013 compared to prior years. Only the proportionally consolidated joint operations with BMW Group significantly increased their capital expenditure in 2014 since additional capacities were built up in response to the strong demand for carbon fibers and composites. This expansion, too, has largely been completed in mid-2015. Given the weak earnings situation, we will additionally curtail our expenses further. Accordingly, for the year 2015, we anticipate capital expenditure on property, plant, and equipment to be significantly lower than in 2014 and, for the first time in many years, below the level of depreciation. Depreciation will rise from the prior year level due to the commissioning of new equipment in the reporting segment CFM, above all in connection with the capacity expansion in the joint production facilities with BMW Group.

Wiesbaden, November 5, 2015

SGL Carbon SE
The Board of Management

Condensed Consolidated Interim Financial Statements (unaudited)

Consolidated Income Statement

	3rd Quarter			Nine Months		
€m	2015	2014	Change	2015	2014	Change
Sales revenue	**333.2**	**332.3**	**0.3%**	**988.3**	**987.5**	**0.1%**
Cost of sales	– 262.6	– 279.0	5.9%	– 792.9	– 822.9	3.6%
Gross profit	**70.6**	**53.3**	**32.5%**	**195.4**	**164.6**	**18.7%**
Selling expenses	– 36.3	– 36.4	0.3%	– 112.6	– 107.1	– 5.1%
Research and development costs	– 9.1	– 7.8	– 16.7%	– 28.0	– 28.1	0.4%
General and administrative expenses	– 14.1	– 12.6	– 11.9%	– 45.7	– 44.8	– 2.0%
Other operating income	5.6	11.4	– 50.9%	43.8	30.0	46.0%
Other operating expenses	– 2.7	– 6.2	56.5%	– 23.9	– 18.3	– 30.6%
Restructuring expenses	– 2.4	– 4.5	46.7%	– 7.9	– 17.7	55.4%
Operating profit/loss	**11.6**	**– 2.8**	**>100.0%**	**21.1**	**– 21.4**	**>100.0%**
Result from investments accounted for At-Equity	1.3	– 0.2	>100.0%	1.3	– 3.4	>100.0%
Interest income	0.2	0.3	– 33.3%	0.6	0.8	– 25.0%
Interest expense	– 12.5	– 13.3	6.0%	– 36.7	– 28.9	– 27.0%
Other financing result	– 3.9	– 1.4	>– 100.0%	– 4.8	– 3.8	– 26.3%
Result from continuing operations before income taxes	**– 3.3**	**– 17.4**	**81.0%**	**– 18.5**	**– 56.7**	**67.4%**
Income tax expense	– 4.3	0.4	>– 100.0%	– 7.9	– 8.9	11.2%
Result from continuing operations	**– 7.6**	**– 17.0**	**55.3%**	**– 26.4**	**– 65.6**	**59.8%**
Result from discontinued operations, net of tax	– 12.7	– 12.1	– 5.0%	– 77.6	– 24.9	>– 100.0%
Net result for the period	**– 20.3**	**– 29.1**	**30.2%**	**– 104.0**	**– 90.5**	**– 14.9%**
thereof attributable to:						
Non-controlling interests	0.3	0.3	0.0%	1.6	1.0	– 60.0%
Consolidated net result (attributable to the shareholders of the parent company)	**– 20.6**	**– 29.4**	**29.9%**	**– 105.6**	**– 91.5**	**– 15.4%**
Earnings per share, basic and diluted (in €)	– 0.22	– 0.42	47.6%	– 1.15	– 1.29	10.9%
Earnings per share – continuing operations, basic and diluted (in €)	– 0.09	– 0.25	64.0%	– 0.31	– 0.94	67.0%

Consolidated Statement of Comprehensive Income

	3rd Quarter		Nine Months	
€m	**2015**	2014	**2015**	2014
Net result for the period	**– 20.3**	**– 29.1**	**– 104.0**	**– 90.5**
Items that may be reclassified subsequently to profit or loss				
Changes in the fair value of securities available for sale	– 0.1	0.0	– 0.1	0.1
Cash flow hedges[1]	1.2	– 1.4	0.3	– 2.6
Currency translation	– 41.3	16.4	– 40.7	24.4
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses on defined benefit plans and similar obligations[2]	1.2	– 7.0	14.8	– 27.1
Other comprehensive income	**– 39.0**	**8.0**	**– 25.7**	**– 5.2**
Comprehensive income	**– 59.3**	**– 21.1**	**– 129.7**	**– 95.7**
of which attributable to the shareholders of the parent company	*– 59.3*	*– 21.7*	*– 131.5*	*– 97.1*
of which attributable to non-controlling interests	*0.0*	*0.6*	*1.8*	*1.4*

[1] Includes tax effects of minus €0.1 million (2014: €1.4 million) in the first nine months
[2] Includes tax effects of minus €8.0 million (2014: €12.3 million) in the first nine months

Consolidated Balance Sheet

ASSETS €m	**Sept. 30, 2015**	Dec. 31, 2014	Change
Non-current assets			
Goodwill	22.4	21.1	6.2%
Other intangible assets	22.5	24.2	– 7.0%
Property, plant and equipment	869.6	893.9	– 2.7%
Investments accounted for At-Equity	37.6	41.7	– 9.8%
Other non-currents assets	7.3	8.4	– 13.1%
Deferred tax assets	63.7	69.4	– 8.2%
	1,023.1	**1,058.7**	**– 3.4%**
Current assets			
Inventories	480.6	463.3	3.7%
Trade receivables	170.0	175.5	– 3.1%
Other receivables and other assets	34.4	47.1	– 27.0%
Liquidity	296.2	347.5	– 14.8%
Time deposits	*100.0*	*40.5*	*>100.0%*
Cash and cash equivalents	*196.2*	*307.0*	*– 36.1%*
	981.2	**1,033.4**	**– 5.1%**
Assets held for sale	**31.8**	**78.2**	**– 59.3%**
Total assets	**2,036.1**	**2,170.3**	**– 6.2%**

EQUITY AND LIABILITIES €m	Sept. 30, 2015	Dec. 31, 2014	Change
Equity			
Issued capital	234.8	234.0	0.3%
Capital reserves	937.5	914.4	2.5%
Accumulated losses	– 712.3	– 580.8	– 22.6%
Equity attributable to the shareholders of the parent company	**460.0**	**567.6**	**– 19.0%**
Non-controlling interests	16.7	17.1	– 2.3%
Total equity	**476.7**	**584.7**	**– 18.5%**
Non-current liabilities			
Provisons for pensions and similar employee benefits	360.2	384.7	– 6.4%
Other provisions	11.4	53.7	– 78.8%
Interest-bearing loans	743.2	592.2	25.5%
Other liabilities	53.3	52.5	1.5%
	1,168.1	**1,083.1**	**7.8%**
Current liabilities			
Other provisions	146.8	98.6	48.9%
Current portion of interest-bearing loans	28.7	112.6	– 74.5%
Trade payables	122.8	176.4	– 30.4%
Other liabilities	39.0	57.4	– 32.1%
	337.3	**445.0**	**– 24.2%**
Liabilities in connection with assets held for sale	**54.0**	**57.5**	**– 6.1%**
Total equity and liabilities	**2,036.1**	**2,170.3**	**– 6.2%**

Consolidated Cash Flow Statement

	Nine Months	
€m	**2015**	2014
Cash flow from operating activities		
Result from continuing operations before income taxes	– 18.5	– 56.7
Adjustments to reconcile the result from continuing operations to cash flow from operating activities:		
Interest expense (net)	36.1	28.1
Gain on sale of property, plant and equipment	– 2.6	– 1.0
Depreciation and amortization expense	66.9	60.2
Restructuring expenses	7.9	17.7
Result from investments accounted for At-Equity	– 1.3	3.4
Amortization of refinancing costs	2.1	2.2
Interest received	0.6	0.8
Interest paid	– 29.6	– 23.4
Income taxes paid	– 6.9	– 2.0
Changes in provisions, net	– 15.4	– 9.7
Changes in working capital		
Inventories	– 12.3	– 1.3
Trade receivables	7.9	13.0
Trade payables	– 57.1	– 23.2
Changes in other operating assets and other liabilities	– 24.8	– 9.6
Cash flow from operating activities – continuing operations	**– 47.0**	**– 1.5**
Cash flow from operating activities – discontinued operations	– 26.9	– 14.6
Cash flow from operating activities – continuing and discontinued operations	**– 73.9**	**– 16.1**

€m	Nine Months 2015	2014
Cash flow from investing activities		
Capital expenditure on intangible assets and property, plant and equipment	– 48.5	– 93.7
Proceeds from sale of intangible assets and property, plant and equipment	3.0	1.5
Dividend payments from investments accounted for At-Equity	7.0	–
Payments for the aquisition of a subsidiaries (less cash aquired)	–	– 0.8
Payments for capital contributions concerning investments accounted for At-Equity and investments in other financial assets	– 1.1	– 5.0
Cash flow from investing activities – continuing operations	**– 39.6**	**– 98.0**
Changes in time deposits	– 59.5	– 40.5
Cash flow from investing activities and cash management activities – continuing operations	**– 99.1**	**– 138.5**
Cash flow from investing activities and cash management activities – discontinued operations	– 2.9	– 12.1
Cash flow from investing activities and cash management activities – continuing and discontinued operations	**– 102.0**	**– 150.6**
Cash flow from financing activities		
Proceeds from issuance of financial liabilities	306.1	43.0
Repayment of financial liabilities	– 237.3	– 11.5
Payments in connection with financing activities	– 2.8	– 1.3
Other financing activities	– 1.2	– 0.3
Cash flow from financing activities	**64.8**	**29.9**
Effect of foreign exchange rate changes	0.3	0.9
Net change in cash and cash equivalents	**– 110.8**	**– 135.9**
Cash and cash equivalents at beginning of period	307.0	235.1
Cash and cash equivalents at end of period	**196.2**	**99.2**
Time deposits	100.0	40.5
Total liquidity	**296.2**	**139.7**

Condensed Consolidated Statement of Changes in Equity

	Nine Months 2015		
€m	Share-holders' equity	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**
Result for the period	–105.6	1.6	–104.0
Other comprehensive income	–25.9	0.2	–25.7
Total comprehensive income	**–131.5**	**1.8**	**–129.7**
Other changes in equity[1]	0.0	–0.8	–0.8
Balance at September 30	**460.0**	**16.7**	**476.7**

	Nine Months 2014		
€m	Share-holders' equity	Non-controlling interests	Total equity
Balance at January 1	**607.7**	**16.2**	**623.9**
Capital increase from share-based payment plans	**9.1**	**0.0**	**9.1**
Result for the period	–91.5	1.0	–90.5
Other comprehensive income	–5.6	0.4	–5.2
Total comprehensive income	**–97.1**	**1.4**	**–95.7**
Other changes in equity[1]	0.0	–0.5	–0.5
Balance at September 30	**519.7**	**17.1**	**536.8**

[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, 2014. The condensed consolidated interim financial statements as of September 30, 2015 apply the same accounting principles and practices as those used in the 2014 annual financial statements. These condensed consolidated interim financial statements contain all of the information that is required for a fair presentation of the results of operations and the financial position of the Group.

The condensed consolidated interim financial statements were authorized for publication in accordance with a resolution of the Board of Management on November 5, 2015. The Interim Financial Statements and Interim Group Management Report have been neither audited nor subject to an auditor's review.

Segment reporting

As of January 1, 2015, the former five business units were merged to three operating business units to create additional synergies and to further streamline the organizational structure and workflows.

The business units Graphite & Carbon Electrodes (GCE) and Cathodes & Furnace Linings (CFL) were merged to form the operational business unit Performance Products (PP). For financial reporting purposes, and unchanged to prior periods, this business unit will be disclosed in the reporting segment with the same name, Performance Products. The former business units Graphite Specialties (GS) and Process Technology (PT) now form the business unit Graphite Materials & Systems (GMS), and is reported as such. The business unit

Carbon Fibers & Composite Materials (CF/CM) remains unchanged and continues to be presented together with the proportionately consolidated joint operations with the BMW Group (SGL ACF) in the reporting segment Carbon Fibers & Materials (CFM). As a result, all of our operational activities are bundled in the three reporting segments PP, GMS, and CFM since January 1, 2015.

In addition to the operating segments, the central and service functions, research activities and our SGL Excellence activities will be included in the separate reporting segment T&I and Corporate.

Previous period figures were restated to allow comparison.

Changes to the scope of consolidation

There were no changes to the scope of consolidation as of September 30, 2015, compared to December 31, 2014.

Discontinued operations pursuant to IFRS 5

Income and expenses incurred the business unit Aerostructures (AS, HITCO) in 2015 and 2014 are reported separately under discontinued operations:

Result from discontinued operations

	Nine Months	
€m	**2015***	2014*
Total revenue from discontinued operations	65.9	54.2
Total expenses from discontinued operations	–92.7	–75.3
Result from operating activities of discontinued operations before income taxes	**–26.8**	**–21.1**
Attributable tax income/expense	2.4	–3.8
Result from operating activities of discontinued operations, net of tax	**–24.4**	**–24.9**
Impairment losses arising on the measurement of assets included in disposal groups at fair value less costs to sell	–53.2	–
Result from discontinued operations	**–77.6**	**–24.9**
Earnings per share – discontinued operations in € – basic and diluted	**–0.84**	**–0.35**

* The result from operating activities of discontinued operations for the year represents the result for the period from January 1 to September 30

The units classified as discontinued operations are measured at fair value less cost to sell. The fair value is determined initially on the basis of sufficiently concrete purchase bids, if available. On July 20, 2015, an agreement on the sale of the aerostructures business of HITCO was concluded. As a result, the assets of the disposal group AS were impaired by €53.2 million (before and after tax). This is disclosed in the result from discontinued operations.

As of September 30, 2015 and unchanged to December 31, 2014, assets and liabilities attributable to HITCO are presented as held for sale. The carrying amounts of the major groups of assets and liabilities held for sale are as follows:

€m	**Sept. 30, 2015**	Dec. 31, 2014	Change
Property, plant and equipment	20.6	38.9	– 47.0%
Inventories	6.0	28.3	– 78.8%
Trade accounts receivable and other assets	5.2	11.0	– 52.7%
Assets held for sale	**31.8**	**78.2**	**– 59.3%**
Trade accounts payable and other liabilities	48.8	51.3	– 4.9%
Provisions	5.2	6.2	– 16.1%
Liabilities in connection with assets held for sale	**54.0**	**57.5**	**– 6.1%**

Pension Obligations

During the reporting period, SGL Group adjusted the pension discount rate in Germany and the US by 0.25%-points and 0.50%-points, respectively as a consequence of increased long-term interest rate levels. As of September 30, 2015, the discount rates are 2.25% in Germany (Dec 31, 2014: 2.0%) and 4.5% in USA (Dec 31, 2014: 4.0%). The discount rate adjustment resulted in actuarial gains of €23.8 million and a corresponding opposing deferred tax effect of €8.0 million, which have been included in other comprehensive income in the first nine months 2015, thereby increasing equity by €15.8 million.

Other disclosures

Joint Ventures

Joint ventures accounted for At-Equity particularly comprise: Brembo SGL Carbon Ceramic Brakes S.p.A, Stezzano, Italy, which is operated together with Brembo and produces and develops carbon ceramic brake discs, as well as Benteler-SGL GmbH & Co. KG, 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 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	
€m	**2015**	2014
Income Statement		
Sales revenue	133.5	114.5
Operating profit/loss	9.0	2.8
Net result for the period (100%)	5.2	– 1.0
Share of SGL Group in the net result for the period (50%)	2.6	– 0.5
Balance sheet	**Sept. 30, 2015**	**Dec. 31, 2014**
Non-current assets	74.7	74.6
Current assets	73.4	92.8
thereof cash and cash equivalents	19.4	27.8
Non-current liabilities	44.6	51.3
thereof financial liabilities	37.3	40.9
Current liabilities	43.1	47.2
thereof financial liabilities	8.6	8.4
Net assets (100%)	**60.4**	**68.9**
Share of SGL Group in net assets (50%)	30.2	34.5
Goodwill/customer base	3.9	4.0
Carrying amount of material joint ventures	34.1	38.5

Material joint ventures accounted for At-Equity (Share of SGL Group)

	Nine Months	
€m	**2015**	2014
Ownership interests	**50%**	**50%**
Carrying amount of interest in joint ventures – beginning of year	**38.5**	**31.2**
Share in net result of the period	2.6	– 0.5
Other adjustments affecting other comprehensive income	0.0	0.1
Total comprehensive income of the companies	**2.6**	**– 0.4**
Capital measures/dividends/other adjustments	– 7.0	1.1
Carrying amount of interests in major joint ventures – end of period	**34.1**	**31.9**

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 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 expenses
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 costs
5) Financial liabilities held for trading

[1] Thereof €0.4 million (December 31, 2014: €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

[2] Thereof €2.5 million (December 31, 2014: €12.0 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 Sept. 30, 2015**	Amortized costs	Fair value through equity	Fair value through profit and loss	Carrying amount under IAS 17	Carrying amount as of Dec. 31, 2014
1)	196.2	196.2				307.0
1)	100.0	100.0				40.5
1)	170.0	170.0				175.5
2)	4.9		4.9			4.7
1)	1.4	1.4				1.7
3)	0.4			0.4		0.7
n. a.	0.3		0.3			1.3
4)	250.0	250.0				250.0
4)	402.9	402.9				353.2
4)	131.7	131.7				112.6
4)	– 12.7	– 12.7				– 11.0
n. a.	20.6				20.6	20.5
4)	122.8	122.8				176.4
4)	30.3	30.3				30.0
5)	2.5			2.5		12.0
n. a.	0.5		0.5			2.0
	467.6	467.6				524.7
	4.9		4.9			4.7
	0.4			0.4		0.7
	925.0	925.0				911.2
	2.5			2.5		12.0

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:

	September 30, 2015			
	Level 1	Level 2	Level 3	**Total**
Available-for-sale financial assets	4.9	–	–	4.9
Derivative financial assets	–	0.7	–	0.7
Derivative financial liabilities	–	3.0	–	3.0

	December 31, 2014			
	Level 1	Level 2	Level 3	**Total**
Available-for-sale financial assets	4.7	–	–	4.7
Derivative financial assets	–	2.0	–	2.0
Derivative financial liabilities	–	14.0	–	14.0

The fair value of the corporate bond recorded at amortized costs was €231.9 million as of September 30, 2015 (December 31, 2014: €259.9 million). The fair market value of the convertible bonds 2012/2018 and 2015/2020 as of September 30, 2015, was €228.2 million (December 31, 2014: €223.2 million) and €164.3 million, respectively. After more than 80% of the convertible bonds 2009/2016 were tendered by the holders during the repurchase invitation open until September 15, 2015, the fair value of the remaining bonds as of September 30, 2015, was €27.2 million (31. December 2014: €134.1 million).

Issuance of a new convertible bond due 2020 and repurchase of the convertible bond due 2016

On September 9, 2015, SGL Carbon SE placed an aggregate principal amount of €167.0 million of unsecured convertible bonds (hybrid financial instrument) with a term of 5 years and 16 days maturing on September 30, 2020. The convertible bonds 2020 are based on a volume of around 9 million shares and were issued and will be redeemed at 100% of their principal amount. The interest coupon is 3.5% p.a., payable semi-annually in arrears on March 31 (long first coupon) and September 30. The initial conversion price of €18.6451 per share is set at a premium of 30% above the volume-weighted average price of the shares in SGL Carbon SE during the book-building period. The bonds were issued in denominations of €100,000 each. The fair value of the conversion rights in the amount of €19.4 million (net of transaction costs of €0.4 million) was transferred to capital reserves based on an effective interest rate of 6.38%.

SGL Carbon SE used a portion of the proceeds from the offering to refinance the repurchase of the convertible bonds 2009/2016, whose outstanding principal amount totaled €134.7 million at the time of issuance of the new bond. To achieve this, more than 80% of the outstanding amount of the convertible bond 2009/2016 were tendered for purchase against cash within the framework of a repurchase invitation expired on September 15, 2015. The repurchase impacted the financial result with an expense of €3.9 million; an additional amount of €1.4 million was netted with the capital reserves. The total principal amount outstanding as of September 30, 2015 thus amounted to €27.2 million.

Seasonality of operations

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).

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.

Other additional information

Issued capital rose to €235.0 million as of September 30, 2015 (December 31, 2014: €234.0 million), and is divided into 91,806,502 no-par value ordinary bearer shares at €2.56 per share. During the first nine months 2015, a total of 247,095 new shares were issued to employees under the employee bonus plan and 58,842 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 and no Stock Appreciation Rights were exercised. As of September 30, 2015, there were 2,801,561 SARs, and 21.839 Matching Shares outstanding. SGL Carbon SE held a total of 77,905 of its own shares (treasury shares) as of September 30, 2015. Based on an average number of 91.6 million shares, basic earnings per share amounted to minus €1.15 (9M/2014: minus €1.29 based on 71.2 million shares).

The result from continuing operations of the reporting period includes impairment losses on property, plant and equipment in the amount of €3.7 million (9M/2014: €0.0 million).

Subsequent events

The outstanding amount of the convertible bond 2009/2016 of €27.2 million was repaid fully on 14 October.

With respect to the sale of the aerostructures activities of HITCO, which was concluded in July, we were informed by the respective US authority on October 26, 2015, that their evaluation period will be extended by up to 45 days.

On November 3, 2015, we reported on a renewed deterioration in the earnings expectations for the graphite electrode business. This is anticipated to lead to a decline in EBIT for the business Unit PP as well as for the Group in 2016. Accordingly we are accelerating the legal separation of the business unit PP and reviewing further restructuring measures. In addition, we will also speed up the process of defining and executing on strategic options for PP.

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

	Nine Months		
€m	**2015**	2014	Change
Sales revenue			
Performance Products	406.3	428.8	– 5.2%
Graphite Materials & Systems	340.1	338.0	0.6%
Carbon Fibers & Materials	235.4	213.5	10.3%
T&I and Corporate	6.5	7.2	– 9.7%
SGL Group	**988.3**	**987.5**	**0.1%**

	Nine Months		
€m	**2015**	2014	Change
EBIT before non-recurring charges[1]			
Performance Products	23.9	16.2	47.5%
Graphite Materials & Systems	27.2	37.2	– 26.9%
Carbon Fibers & Materials	8.4	– 18.1	>100.0%
T&I and Corporate	– 30.5	– 32.3	5.6%
SGL Group	**29.0**	**3.0**	**>100.0%**

[1] Non-recurring charges of €7.9 million and of €24.4 million in the first nine months 2015 and 2014, respectively

Other Information

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

	2014					2015			
€m	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q1–Q3
Sales revenue									
Performance Products	132.6	141.3	154.9	159.4	588.2	128.3	141.5	136.5	406.3
Graphite Materials & Systems	114.8	119.8	103.4	102.4	440.4	104.1	114.9	121.1	340.1
Carbon Fibers & Materials	69.2	73.1	71.2	82.9	296.4	80.0	81.0	74.4	235.4
T&I and Corporate	2.3	2.1	2.8	3.4	10.6	2.9	2.4	1.2	6.5
SGL Group	**318.9**	**336.3**	**332.3**	**348.1**	**1,335.6**	**315.3**	**339.8**	**333.2**	**988.3**

	2014					2015			
€m	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q1–Q3
EBIT before non-recurring charges [1]									
Performance Products	4.0	2.8	9.4	9.8	26.0	8.2	8.7	7.0	23.9
Graphite Materials & Systems	12.8	15.5	8.9	2.8	40.0	8.9	7.7	10.6	27.2
Carbon Fibers & Materials	– 6.9	– 5.6	– 5.6	– 4.4	– 22.5	– 0.7	3.9	5.2	8.4
T&I and Corporate	– 9.0	– 12.5	– 10.8	– 8.5	– 40.8	– 11.3	– 10.4	– 8.8	– 30.5
SGL Group	**0.9**	**0.2**	**1.9**	**– 0.3**	**2.7**	**5.1**	**9.9**	**14.0**	**29.0**

[1] Non-recurring charges of €51.2 million in 2014 and €7.9 million in the first nine months 2015

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

	2014					2015			
in%	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q1–Q3
ROS									
Performance Products	3.0	2.0	6.1	6.1	4.4	6.4	6.1	5.1	5.9
Graphite Materials & Systems	11.1	12.9	8.6	2.7	9.1	8.5	6.7	8.8	8.0
Carbon Fibers & Materials	– 10.0	– 7.7	– 7.9	– 5.3	– 7.6	– 0.9	4.8	7.0	3.6
SGL Group	**0.3**	**0.1**	**0.6**	**– 0.1**	**0.2**	**1.6**	**2.9**	**4.2**	**2.9**

Quarterly Consolidated Income Statement

	2014					2015			
€m	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q1–Q3
Sales revenue	**318.9**	**336.3**	**332.3**	**348.1**	**1,335.6**	**315.3**	**339.8**	**333.2**	**988.3**
Cost of sales	–264.0	–279.9	–279.0	–291.7	–1,114.6	–259.4	–270.9	–262.6	–792.9
Gross profit	**54.9**	**56.4**	**53.3**	**56.4**	**221.0**	**55.9**	**68.9**	**70.6**	**195.4**
Selling, administrative, R&D and other operating income/expenses	–54.0	–56.2	–51.4	–56.7	–218.3	–50.8	–59.0	–56.6	–166.4
EBIT before non-recurring charges	**0.9**	**0.2**	**1.9**	**–0.3**	**2.7**	**5.1**	**9.9**	**14.0**	**29.0**
Restructuring expenses/others	–2.3	–17.4	–4.7	–16.2	–40.6	–0.8	–4.7	–2.4	–7.9
Impairment losses	–	–	–	–10.6	–10.6	–	–	–	–
EBIT	**–1.4**	**–17.2**	**–2.8**	**–27.1**	**–48.5**	**4.3**	**5.2**	**11.6**	**21.1**
Result from investments accounted for At-Equity	–1.1	–2.1	–0.2	–3.0	–6.4	–0.1	0.1	1.3	1.3
Net financing result	–12.9	–4.6	–14.4	–17.6	–49.5	–12.0	–12.7	–16.2	–40.9
Result from continuing operations before income taxes	**–15.4**	**–23.9**	**–17.4**	**–47.7**	**–104.4**	**–7.8**	**–7.4**	**–3.3**	**–18.5**
Income tax expense	–3.6	–5.7	0.4	–12.5	–21.4	–2.3	–1.3	–4.3	–7.9
Result from continuing operations	**–19.0**	**–29.6**	**–17.0**	**–60.2**	**–125.8**	**–10.1**	**–8.7**	**–7.6**	**–26.4**
Result from discontinued operations, net of tax	–4.9	–7.9	–12.1	–94.3	–119.2	–5.1	–59.8	–12.7	–77.6
Result for the period	**–23.9**	**–37.5**	**–29.1**	**–154.5**	**–245.0**	**–15.2**	**–68.5**	**–20.3**	**–104.0**
thereof attributable to:									
Non-controlling interests	0.5	0.2	0.3	1.0	2.0	1.3	0.0	0.3	1.6
Consolidated net result (attributable to shareholders of the parent company)	**–24.4**	**–37.7**	**–29.4**	**–155.5**	**–247.0**	**–16.5**	**–68.5**	**–20.6**	**–105.6**

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Wiesbaden, November 5, 2015

SGL Carbon SE
The Board of Management

Financial calendar

March 23, 2016
- Publication of the 2015 Annual Report
- Annual press conference, analyst conference, conference call for analysts and investors

May 12, 2016
- Report on the first quarter 2016
- Conference call for analysts and investors

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

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