Annual General Meeting of SGL Carbon SE on May 3, 2011

Summary of Speech by
CEO Robert Koehler

The spoken word applies.

Fiscal Year 2010

In fiscal 2010, SGL Group successfully returned to profitable growth. The recovery of the world economy played a crucial role in this development, especially since it was significantly stronger than expected at the beginning of the year. As a consequence, SGL Group was able to grow again in 2010 after the crisis-related slump in the prior year, posting a 13 percent rise in Group sales to €1,382 million. All Business Areas contributed to this increase. The operating profit (EBIT) increased at a slightly higher rate than sales by 16 percent to €128 million. Accordingly, the return on sales (ROS) improved from 9.1 percent to 9.3 percent year on year. In 2010 we once again invested approximately 10 percent of our sales, or €137 million. As in previous years, the rise in earnings was partly achieved through the cost and efficiency improvements on the basis of the SGL Excellence initiative, which led to another €23 million in savings in 2010. We achieved earnings per share of €0.80 for the year 2010. With this, the Group was able to create a solid foundation for further profitable growth.

Strategically, SGL Group continued its focus on the expansion of the growth segments in the reporting year. In the Business Area Performance Products, this entailed the continuation of the expansion of the carbon and graphite production facility in Malaysia. In Graphite Materials & Systems, we announced to triple our global isostatic graphite capacity to meet the growing demand from the semiconductor, LED and solar industries. In the Business Area Carbon Fibers & Composites, we focused on the development and expansion of capacity. This included investments in automation technologies at our aerospace and defense subsidiary HITCO as well as at SGL Rotec. In connection with our highly publicized joint venture with the BMW Group, SGL Automotive Carbon Fibers, we stepped up the expansion of production infrastructure in 2010. More on this later. In conjunction with ensuring the future of SGL Group as a technology-based company, Corporate R&D, we call it Technology & Innovation (T&I), plays an important role. At our site in Meitingen, Germany, for instance, a new carbon fiber pilot plant was built for the development of the next generation of high-performance carbon fibers that are also suited for the aeronautics industry. This project was subsidized by the Germany Federal Ministry of Economics and Technology. Our research infrastructure was further supplemented by a laboratory facility for composites (prepregs) that began operation in 2010. Additionally, close cooperation with academic and scientific organizations is of great importance to the Company. For example, our professorship for carbon composites at the Technical University of Munich officially began its teaching activities last year. To our knowledge, it is the only professorship in the world dedicated exclusively to carbon fibers. Additional examples include the working group “Integrated light-weight construction” of the Fraunhofer Institute in Augsburg and the “SGL Carbonum” Center of Management Development and Knowledge Transfer at the University of Augsburg.

Looking at the development of business in the individual segments, it is clear that all Business Areas were able to benefit from the economic upswing. In the Business Area Performance Products (PP) a significant rise in demand for graphite electrodes from the steel industry led to a 19 percent rise in sales to €763 million. It should be noted in this context that the expected capital spending pause in the aluminum industry led to significant declines in cathode sales volume. PP’s return on sales is still very high at approximately 19 percent. Due in part to significantly higher raw materials costs, the decline in the cathode business and the ongoing start-up costs for commissioning the new production plant in Malaysia, profits fell slightly short of the prior year. At €144 million, EBIT was just under 5 percent lower than in 2009.

As anticipated, fiscal 2010 was very positive for the Business Area Graphite Materials & Systems (GMS). A marked improvement in orders in most customer industries, especially the semiconductor, LED, and solar sectors, led to a 9 percent rise in segment sales to €396 million and a significant increase in EBIT by about a third to €37 million. As a result, the return on sales improved from 7.7 to 9.3 percent. Only the chemicals sector slowed down after two record years of new investments. Thanks to our innovative specialty graphite products for efficient energy generation and storage we see tremendous potential for the future.

In the Business Area Carbon Fibers & Composites (CFC), SGL Group was able to grow in 2010, posting a 5 percent rise in sales to €219 million. As a result of necessary production conversions, the subsidiary SGL Rotec showed low sales contribution in 2010. Without this element, CFC sales would have been more than 30 percent higher than in the prior year. Contributing factors of the sales growth included the growing demand for carbon fibers, composites and composite components, above all for the aerospace industry. Despite the rising demand for carbon fibers and composites driven by fundamental trends, the price level of carbon fibers was still unsatisfactory due to the still high carbon fiber inventory levels,. Particularly due to operational improvements in all business units as well as higher sales and costs savings of approximately €6 million, the loss in the Business Area CFC was considerably reduced from €22.9 million to €6.6 million.

Despite the fact that capital expenditure remained very high, management continued to focus on securing a solid financing structure and liquidity position. The already high equity ratio rose from 40 to a solid 41 percent. At 0.47, gearing was within the target of approximately 0.5 in 2010; maintaining gearing also plays a role in defining the level of our investments. Due to the long-term financing structure, SGL Group is well financed. We have no need to refinance until 2013. A recent example for our forward-looking financing strategy is the syndicated credit line in the volume of €200 million. Originally due in 2012, it was prematurely extended at the beginning of the year until

2015. In 2010, a total of €137 million were spent on investments in the future, the third highest amount in the Company's history. Once again, the emphasis was on the expansion of the carbon and graphite production facility in Malaysia and investments in carbon fiber technology. The investments were largely financed with operating cash flow. As expected, free cash flow was slightly negative.

Q1 and Outlook

Supported by all Business Areas, sales rose 20 percent to €364 million in the first quarter of 2011, compared to €304 million in the first quarter of 2010. The strong growth was driven by an improved market environment in nearly all of our customer industries. The Business Area Graphite Materials & Systems recorded the strongest increase, with a growth rate of 37 percent, in particular due to the positive development in the solar, semiconductor, and LED customer industries. Group EBIT improved in the first three months of 2011 by 40 percent to €36.3 million (Q1/2010: €26.0 million). This corresponds to a 10 percent return on sales (Q1/2010: 9 percent). Net profit of €14.9 million in the first quarter 2011 represents an increase of 60 percent above last year's first quarter result (Q1/2010: €9.3 million).

SGL anticipates sales to grow by more than 10 percent in fiscal 2011, accompanied by a rise in EBIT to between €150 million and €165 million, representing a return on sales between 10 and 11 percent. Our medium-term goal of a return on sales of at least 12 percent should be achievable again as of 2012.

The objective of keeping gearing near 0.5 is still our highest priority. We will continue to keep our capital expenditure program focused on this target. We anticipate capital expenditure on property, plant and equipment and intangible assets to be up to €150 million per year in 2011 and 2012, primarily financed with operating cash flow. Accordingly, we expect negative free cash flow of between €30 million and €35 million in 2011. With the projected reduction of investments after 2012, free cash flow should be positive again starting in 2013.

Strategy and Vision for 2015

The traditional businesses of SGL Group in the basic industries including steel, aluminum and chemicals are benefiting from the rising demand for resources on account of the rapid expansion of infrastructure in the emerging countries, in particular the BRIC countries. The primary growth drivers for our Advanced Materials segment are lightweight construction (automotive, aerospace, marine), e-mobility and air conditioning technology. These growth markets, together with the rising demand for alternative energy sources such as wind and solar, are accelerating the development of technology and innovation especially in the industrialized countries. Due to their unique characteristics, carbon based products play an important role in material substitution because they help reduce CO_2 emissions and conserve natural resources.

The joint venture with the BMW Group is exemplary in this regard and demonstrates the potential of new activities in this area. The strategy of the joint venture is to produce carbon fibers and fabrics for use in the BMW Group's new i3 on an industrial scale. The value chain in the production of innovative lightweight materials is also a paradigm for a truly global production chain. The raw material for carbon fiber, a precursor based on polyacrylonitrile (PAN) fiber, is already being produced by a joint venture with Mitsubishi Rayon in Otake, Japan. The start-up went ahead as scheduled despite the earthquake catastrophe and reactor accident in Japan. In the next step, the PAN fibers will be processed into the actual carbon fibers at the U.S. facility in Moses Lake, Washington. The new plant was completed in April 2011 and is expected to commence carbon fiber production in the third quarter. These carbon fibers will then be used to produce lightweight carbon fiber fabric structures at the second joint venture facility in Wackersdorf, Germany. Fabric production started in the third quarter of 2010. The BMW Group makes CFRP components out of these fabrics at the BMW facilities in Landshut and Leipzig, Germany. Final assembly of the i3 will take place at the BMW Group's plant in Leipzig. The new BMW i3 is slated to be launched in 2013.

Medium-Term Targets 2011-2015

SGL Group has laid the foundation for profitable future growth through completed and ongoing investments in new technologies focused on lightweight construction, alternative energies, electric mobility and energy efficiency. Consequently, and assuming the global economy continues its positive trend, SGL Group expects annual organic sales growth of over 10 percent for the fiscal years through 2015.

SGL Group expects an increase in sales to roughly €2.5 billion by 2015, which will be driven by all three Business Areas. By 2015, GMS and CFC will together account for half of consolidated Group sales. As a result, SGL Group will achieve its long-term objective to deliver sustainable profitable growth in all three Business Areas.

SGL Group's Carbon Fiber and Composites business will reach the sales threshold of €1 billion in 2015. This includes joint ventures accounted for using the equity method, which are expected to have a sales volume of approximately €500 million in 2015 (based on 100 percent of the sales revenue of these companies).

All Business Areas are expected to be profitable from 2011 onwards. In addition, SGL Group expects a Group ROS of at least 12 percent from 2012 onwards.

As mentioned earlier, our capex requirements of up to €150 million p.a will remain on a high level in 2011 and 2012 but will decline thereafter. All major investments are on schedule and will continuously be largely funded from operating cash flow. Free cash flow should be positive from 2013 on.

In short: For the fiscal years through 2015, SGL Group expects annual organic sales growth of over 10 percent and Group sales of €2.5 billion. The sales growth targets have been raised for all Business Areas. For CFC we assume an annual growth rate of more than 20 percent. GMS will grow by more than 10 percent p.a. PP is expected to reach record sales levels and also deliver further earnings growth. As a result, all three Business Areas will become profit pillars of an even more balanced portfolio. The overall improved sales and earnings quality will also be seen in the financial results. By the end of 2015 our Group ROCE shall again reach our target of more than 17 percent, driven by lower capex and accelerated sales growth.

Dividend Payment

SGL Group is principally committed to an earnings-oriented dividend policy that allows shareholders to participate appropriately in our profits. Previously, the focus was on securing liquidity and keeping debt low. Through the comprehensive, multi-year investment program implemented in the past years, our Company has prepared for the future and created the foundation for sustainable growth, which in the years to come will have a positive effect on sales and earnings. At the same time, the need for investments will successively decline and free cash flow will improve. On this basis, SGL Group plans to resume dividend payments for fiscal 2011, to be distributed to shareholders in 2012. The continued improvement of the global economy without any unexpected disruptions is the decisive factor in this regard.