

Press Release

Wiesbaden, August 3, 2023

SGL Carbon with solid business performance at Group level. Confirmation of the full-year guidance for 2023.

- Sales up 1.9% year-on-year to €560.5 million with stable adjusted EBITDA of €88.0 million
- Strong business performance of the Graphite Solutions, Process Technology and Composite Solutions businesses
- Sales and earnings decline at Carbon Fibers due to weakness of wind market
- Impairment at Carbon Fibers of €44.7 million

Despite the increasingly difficult economic environment, SGL Carbon was able to increase sales in H1 2023 from €549.8 million in the previous year to €560.5 million. Adjusted EBITDA (EBITDApre) remained almost unchanged at €88.0 million (H1 2022: €87.9 million). The expected good business performance of the Graphite Solutions business unit and the better-than-expected sales and earnings development of Process Technology and Composite Solutions compensated the drop in demand in Carbon Fibers.

In particular, the Graphite Solutions (GS) business unit contributed to the stable development of the Company with a 15.3% increase in sales to €280.6 million (H1 2022: €243.4 million) and a 20.6% improvement in adjusted EBITDA to €65.1 million (H1 2022: €54.0 million). GS benefited especially from the high demand of the semiconductor industry. The semiconductor and LED market segment now accounts for around 45% of GS revenue (H1 2022: around 35%).

With a 30.9% increase in sales to €64.4 million (H1 2022: €49.2 million) and a significant rise in adjusted EBITDA from €4.1 million to €11.9 million, the business performance of Process Technology (PT) was significantly above the original planning. Composite Solutions (CS) also reported a higher-than-forecast sales increase of 14.4% to €79.6 million in H1 2023 (H1 2022: €69.6 million) and an improvement in adjusted EBITDA of 26.8% to €12.3 million (H1 2022: €9.7 million). By contrast, the business performance of the Carbon Fibers (CF) unit was not in line with expectations, with a 28.9% decline in sales to €125.1 million (H1 2022: €176.0 million) and a 78.4% drop in earnings to €6.1 million (H1 2022: €28.2 million).

An important market segment for the Carbon Fibers business unit is the wind industry. Demand for carbon fibers for the wind industry has declined sharply since the beginning of the year. According to current estimates, the expected recovery in demand in H2 2023 will not

materialize. SGL Carbon expects customer demand from the wind industry to pick up in 2024.

As already announced in the ad hoc release of July 24, 2023, an impairment loss of €44.7 million was recognized on the assets of Carbon Fibers as of June 30, 2023.

Results situation:

SGL Carbon's adjusted EBITDA (EBITDApre) remained almost stable in a half-year comparison at €88.0 million (H1 2022: €87.9 million). Due to the lack of demand from wind industry, CF's production capacity utilization decreased and idle capacity costs weighed on adjusted EBITDA. By contrast, higher margins from product mix and volume effects in the other three business units had a positive impact on adjusted EBITDA.

Non-recurring items and one-off effects not included in adjusted EBITDA totaled minus €46.9 million in the first half of 2023, of which €44.7 million resulted from an impairment loss in the CF business unit.

In addition to the above-mentioned effects and nearly unchanged depreciation and amortization of €29.1 million (H1 2022: €28.9 million), the decline in EBIT resulted in particular from the impairment loss already described (€44.7 million). After €69.6 million in H1 2022, EBIT amounted to €12.0 million in the reporting period.

Taking into account the slightly improved financial result of minus €15.8 million (H1 2022: minus €16.6 million), consolidated net income for the first six months of the current financial year amounted to minus €10.0 million, compared to €48.8 million in the first half of the previous year.

Net financial debt and equity:

To complete its refinancing, SGL Carbon issued convertible bonds with a volume of €118.7 million in June 2023 and drew an existing term loan facility of €75 million in July 2023, which was used together with cash of the Company on July 28, 2023 to repay the corporate bond (outstanding as of June 30, 2023: €237.4 million). Accordingly, cash and cash equivalents increased to €310.5 million as of June 30, 2023 (€227.3 million as of December 31, 2022) and financial debt temporarily increased to €480.4 million (€398.1 million as of December 31, 2022). Net financial debt remained nearly unchanged at €169.9 million as of June 30, 2023 (Dec. 31, 2022: € 170.8 million).

Despite the impairment loss of €44.7 million in Carbon Fibers, shareholders' equity amounted to €565.2 million as of June 30, 2023, only slightly lower than at the end of 2022 (Dec. 31, 2022: €569.3 million). This corresponds to an equity ratio of 36.1% (Dec. 31, 2022: 38.5%).

Further details on business development and outlook can be found in the Group's interim report for the 1st half of 2023.

Key figures for the first half of 2023

in € million	H1 2023	H1 2022	Change	Change in %
Group sales	560.5	549.8	10.7	1.9%
Graphite Solutions	280.6	243.4	37.2	15.3%
Process Technology	64.4	49.2	15.2	30.9%
Carbon Fibers	125.1	176.0	-50.9	-28.9%
Composite Solutions	79.6	69.6	10.0	14.4%
Corporate	10.8	11.6	-0.8	-6.9%
EBITDApre*	88.0	87.9	0.1	0.1%
Graphite Solutions	65.1	54.0	11.1	20.6%
Process Technology	11.9	4.1	7.8	>100%
Carbon Fibers	6.1	28.2	-22.1	-78.4%
Composite Solutions	12.3	9.7	2.6	26.8%
Corporate	-7.4	-8.1	0.7	-8.6%
EBITDApre margin (in %)	15.7%	16.0%		-0.3%-pts
Net result (attributable to the shareholders of the parent company)	-10.0	48.8	-58.8	
Free cash flow	20.1	7.5	12.6	>100%
	Jun. 30, 2023	Dec. 31, 2022	Change	Change in %
Equity ratio (in %)	36.1%	38.5%		-2.4%-pts
Net financial debt (in € million)	169.9	170.8	-0.9	-0.5%
ROCE (EBITpre) (in %)	11.0%	11.3%		-0.3%-pts

* EBITDApre (adjusted EBITDA): Earnings before interest, taxes, depreciation and amortization adjusted for one-off effects and non-recurring items.

About SGL Carbon

SGL Carbon is a technology-based company and a world leader in the development and production of carbon-based solutions. Its high-quality materials and products made from specialty graphite, carbon fibers and composites serve many industries that are shaping the trends of the future: climate friendly mobility, aerospace, solar and wind energy, semiconductors, and LEDs as well as the production of lithium-ion batteries, fuel cell and other energy storage systems. In addition, SGL Carbon develops solutions for chemical and industrial applications.

In 2022, SGL Carbon SE generated sales of approx. 1.1 billion euros. The company has approx. 4,760 employees at 29 locations in Europe, North America, and Asia.

Further information on SGL Carbon can be found at www.sgllcarbon.com/press.

Important note:

To the extent that our press release contains forward-looking statements, the latter are based on information that is available at present and on our current forecasts and assumptions. Forward-looking statements, by their very nature, entail known as well as unknown risks and uncertainties that may lead to actual developments and events differing substantially from the forward-looking assessments. Forward-looking statements must not be understood to be guarantees. Instead, future developments and events depend on a large number of factors; they comprise various risks and imponderables and are based on assumptions that may possibly turn out not to be appropriate. These include unforeseeable changes to fundamental political, economic, legal and societal conditions, particularly in the context of our main customers' industries, the competitive situation, interest and exchange rate trends, technological developments as well as other risks and uncertainties. We perceive additional risks e.g. in pricing developments, unforeseeable events in the environment of companies acquired and Group member companies as well as in current cost savings programs from time to time. The SGL Carbon assumes no obligation and does not intend to adjust or otherwise update these forward-looking statements either.

SGL Carbon SE

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