

Press Release

Wiesbaden, May 5, 2023

SGL Carbon with solid business development in Q1 2023

- Sales increase by 4.7% to €283.7 million in Q1 2023
- Adjusted EBITDA improves by 9.0% to €40.1 million
- Growth based in particular on strong demand from the semiconductor industry

SGL Carbon generated Group sales of €283.7 million in Q1 2023 (Q1 2022: €270.9 million). This corresponds to an increase of €12.8 million or 4.7% compared to the same period of the previous year. Increased demand for specialty graphite components for the semiconductor industry from the Graphite Solutions business unit contributed in particular to the pleasing increase in sales. But also the Process Technology and Composite Solutions business units continued their positive business development.

Accordingly, adjusted EBITDA (EBITDApre) improved by 9.0% to €40.1 million in the reporting period (Q1 2022: €36.8 million).

Sales development

In the first three months of fiscal year 2023, the business unit Graphite Solutions was the main driver of SGL Carbon's growth with an increase in sales of €21.3 million or 17.8%. This is due in particular to the reallocation of production capacities from the solar industry market segment to the semiconductor industry. The Process Technology (+€6.6 million) and Composite Solutions (+€4.0 million) business units also contributed to the increase in sales.

As expected, the Carbon Fibers (CF) business unit recorded a decline in sales of €24.0 million in the reporting period. The decline is mainly due to the scheduled expiry of the attractive supply contract for the BMW i3 in the middle of last year. Freed-up production capacities were compensated by orders from the wind industry in the 2nd half of 2022. But the necessary construction of wind turbines in Europe is currently stalling. Low building permits and high manufacturing costs are temporarily hampering the construction and expansion of wind parks and therefore the necessary increase in renewable energy.

Earnings development

In line with the sales development combined with higher capacity utilization and positive product mix effects, adjusted EBITDA (EBITDApre) improved from €36.8 million to €40.1 million in Q1

2023, representing a quarter-on-quarter increase of 9.0%.

Taking into account depreciation and amortization of €14.3 million (Q1 2022: €14.1 million) as well as one-off effects and non-recurring items of minus €0.1 million, EBIT in the reporting period amounted to €25.7 million (Q1 2022: €31.2 million). It should be noted that Q1 of the previous year was positively impacted by one-off effects and non-recurring items amounting to €8.5 million. Accordingly, net profit for the period of €15.3 million was lower than in the same quarter of the previous year (€21.5 million).

Debt, equity and capital expenditure

Net financial debt increased slightly to €174.2 million as of March 31, 2023 (Dec. 31, 2022: €170.8 million). The leverage ratio remains unchanged at 1.0. Due to the positive consolidated net income, the equity ratio increased again slightly compared to the end of fiscal 2022 to 39.5% (Dec. 31, 2022: 38.5%).

Looking at the capital expenditure in Q1 2023, it amounted to €19.0 million, which is significantly higher than the average values of the previous quarters. "At the beginning of 2023, we had already announced the expansion of our investment activities to expand production capacities in the Graphite Solutions business unit. In previous years, our capital expenditure was in line with depreciation and amortization. In addition to these approximately €60 million, we will invest further €20 to €30 million in 2023, which will be financed by advance payments in the context of long-term supply contracts from our customers in the semiconductor industry. Our semiconductor customers secure future production capacities for graphite components, which are needed for their own growth. In return, SGL Carbon's long-term supply contracts will enable future profitable growth," said Dr. Torsten Derr, CEO of SGL Carbon.

Outlook

In line with the business performance in the first three months of 2023, we confirm the sales and earnings guidance issued on March 23, 2023.

For the financial year 2023, Group sales are expected to be at the prior-year level and EBITDApre between €160 - 180 million. Taking into account depreciation and amortization, EBITpre is forecast to be between €100 - 120 million. Furthermore, free cash flow at the end of fiscal 2023 is expected to be at the prior-year level and return on capital employed (ROCE) between 10% and 12%.

Further details on the business development in Q1 2023 can be found in the Quarterly Statement on our webpage [SGL financial publications – news for investors in SGL Carbon | SGL Carbon](#).

Key figures for the first quarter 2023

(in € million)	Q1 2023	Q1 2022	Change	Change in %
Group sales	283.7	270.9	12.8	4.7%
Graphite Solutions	140.9	119.6	21.3	17.8%
Process Technology	31.9	25.3	6.6	26.1%
Carbon Fibers	63.7	87.7	-24.0	-27.4%
Composite Solutions	39.8	35.8	4.0	11.2%
Corporate	7.4	2.5	4.9	>100%
EBITDApre*	40.1	36.8	3.3	9.0%
Graphite Solutions	30.9	25.9	5.0	19.3%
Process Technology	4.9	2.0	2.9	>100%
Carbon Fibers	4.3	5.4	-1.1	-20.4%
Composite Solutions	5.9	6.3	-0.4	-6.3%
Corporate	-5.9	-2.8	-3.1	>100%
EBITDApre margin (in %)	14.1%	13.6%		0.5 %-pts
Net result (attributable to shareholders of the parent company)	15.2	21.4	-6.2	-29.0%
Free cash flow	10.4	1.5	8.9	>100%

	Mar. 31, 2023	Dec. 31, 2022	Change	Change in %
Equity ratio (in %)	39.5%	38.5%		1.0 %-pts
Net financial debt (in € million)	174.2	170.8	3.4	2.0%
ROCE (EBITpre) (in %)	11.5%	11.3%		0.2 %-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. Further developments in these areas demand more intelligent, more efficient, networked and sustainable solutions. This is where the entrepreneurial vision of SGL Carbon evolves around: contributing to a smarter world.

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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