

SGL Carbon: Focus on global growth trends pays off

- Continued growth in the semiconductor business
- Weak demand for carbon fibers further impacts Group sales and profitability
- Group sales down slightly at €272.6 million (-3.9%), adjusted EBITDA up 5.0% to €42.1 million
- Adjusted EBITDA margin at 15.4% after 14.1% in the same quarter of the previous year
- Outlook for 2024 confirmed

SGL Carbon had a solid start to the first quarter of 2024. Despite the slight decline in sales of 3.9% to €272.6 million (Q1 2023: €283.7 million), adjusted EBITDA improved by 5.0% to €42.1 million (Q1 2023: €40.1 million). Weak demand in the Carbon Fibers business unit in particular has a negative impact on the Group's sales and earnings performance. By contrast, slightly higher sales and, especially, the increase in adjusted EBITDA in the Graphite Solutions and Process Technology business units had a positive effect on the Group's performance.

"Our Graphite Solutions and Process Technology business units performed well in the first three months 2024. Composite Solutions has maintained considerable profitability even after the expiry of a contract with an automotive customer. We are only concerned about the Carbon Fibers division. In addition to weak demand from the wind industry, the increasing price pressure for textile and acrylic fibers is weighing on the business unit," explains CEO Dr. Torsten Derr.

Development of the business units

SGL Carbon's largest business unit, **Graphite Solutions**, generated sales of €141.3 million in Q1 2024 and was thus at the previous year's level (Q1 2023: €140.9 million). The continued positive sales development in the semiconductor and LED market segment was almost completely offset by the cyclical decline in demand in the other market segments. Sales with customers from the semiconductor industry increased by €9.8 million or 15.6% to €72.4 million in a three-month comparison. This includes sales with silicon carbide semiconductor customers, whose sales growth amounted to around 35% and now accounts for around two thirds of total semiconductor and LED sales. Based on the changed product mix, the adjusted EBITDA of Graphite Solutions improved by 18.4% to €36.6 million (Q1 2023: €30.9 million). The adjusted EBITDA margin also increased accordingly from 21.9% to 25.9% quarter-on-quarter.

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The **Process Technology** business unit confirmed the positive development of the previous year with an increase in sales of 3.4% to €33.0 million (Q1 2023: €31.9 million). Major projects for international customers and a good order situation in the service business in particular led to this pleasing increase. Based on higher capacity utilization and an attractive product mix, Process Technology's adjusted EBITDA improved by 40.8% to €6.9 million (Q1 2023: €4.9 million). The adjusted EBITDA margin developed correspondingly positively from 15.4% in the same quarter of the previous year to 20.9% in Q1 2024.

Sales in the **Carbon Fibers** business unit amounted to €57.6 million in Q1 2024, which was below the prior-year quarter's figure of € 63.7 million. The decline is due in particular to the continued weak demand from the wind industry and the associated capacity adjustment in the carbon fiber business. In addition, there was increasing price pressure in the textile and acrylic fiber market segments in the first three months of 2024 due to a global capacity overhang for these products. Accordingly, the adjusted EBITDA of Carbon Fibers fell by €9.5 million quarter-on-quarter to minus €5.2 million (Q1 2023: €4.3 million). It should be noted that the adjusted EBITDA includes an earnings contribution of around € 4.4 million from companies accounted for At-Equity.

Revenue in the **Composite Solutions** business unit declined slightly to €37.1 million in Q1 2024 (Q1 2023: €39.8 million or -6.8%). The decline is due to the expiry of a project-related supply contract with an automotive customer. The division develops and produces customized vehicle components made from various composite materials for automotive customers in Europe and North America. As a result of the slightly lower volumes, the adjusted EBITDA of Composite Solutions decreased by €0.4 million or 6.8% year-on-year to €5.5 million (Q1 2023: €5.9 million), but maintained its adjusted EBITDA margin of 14.8%, unchanged from the same quarter of the previous year.

Debt, equity and capital expenditure

At €117.2 million as at March 31, 2024, net financial debt remained at the same level as at the end of previous year (December 31, 2023: €115.8 million). The leverage factor remained unchanged at 0.7. Due to the positive Group result, the equity ratio increased slightly compared to the end of the 2023 financial year to 42.0% (31.12.2023: 41.1%).

The investment volume in the first quarter of 2024 amounted to €23.9 million and was therefore significantly higher than the depreciation and amortization of €13.3 million.

"Around two thirds of our investment volume in the first three months of 2024 was invested in expanding our production capacities for graphite components for the semiconductor industry. The local expansion of our machinery is therefore progressing steadily. In addition, we have invested around €6 million in the construction of a new production hall for our joint venture BSCCB to create additional production capacity for this highly profitable business," explains Thomas Dippold, CFO of SGL Carbon.

Outlook

In line with the course of business in the first three months of 2024, we confirm our sales and earnings outlook for the 2024 financial year. Consolidated sales for the 2024 financial year are expected to be at the previous year's level and adjusted EBITDA between €160 million and €170 million.

Further details on the business development in Q1 2024 can be found in the Quarterly Statement on our webpage <https://www.sglcarbon.com/en/investor-relations/publications-news-key-figures/>.

Key figures for the first quarter 2024

(in € million)	Q1 2024	Q1 2023	Change	Change in %
Group sales	272.6	283.7	-11.1	-3.9%
Graphite Solutions	141.3	140.9	0.4	0.3%
Process Technology	33.0	31.9	1.1	3.4%
Carbon Fibers	57.6	63.7	-6.1	-9.6%
Composite Solutions	37.1	39.8	-2.7	-6.8%
Corporate	3.6	7.4	-3.8	-51.4%
EBITDApre*	42.1	40.1	2.0	5.0%
Graphite Solutions	36.6	30.9	5.7	18.4%
Process Technology	6.9	4.9	2.0	40.8%
Carbon Fibers	-5.2	4.3	-9.5	-
Composite Solutions	5.5	5.9	-0.4	-6.8%
Corporate	-1.7	-5.9	4.2	71.2%
EBITDApre margin (in %)	15.4%	14.1%		1.3%-pts
Net result (attributable to shareholders of the parent company)	12.6	15.2	-2.6	-17.1%
Free cash flow	5.9	10.4	-4.5	-43.3%

Mar. 31,
2024

Dec. 31,
2023

Change

Change in %

Equity ratio (in %)	42.0%	41.1%		0.9%-pts
Net financial debt (in € million)	117.2	115.8	1.4	1.2%
ROCE (EBIT _{pre}) (in %)	11.4%	11.3%		0.1%-pts

* EBITDA_{pre} (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 2023, SGL Carbon SE generated sales of 1.1 billion euros. The company has approx. 4,800 employees at 29 locations in Europe, North America, and Asia.

Further information on SGL Carbon can be found at www.sglcarbon.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.

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