



Graphit Kropfmühl AG

Press release of 9 November 2011

ISIN DE0005896005

**Graphit Kropfmühl AG: Jump in turnover at 30 September 2011 to EUR 91.3 million
EBITDA increase to EUR 13.3 million
Investments of about EUR 4.2 million**

Kropfmühl, Germany, 9 November 2011 --- The Graphit Kropfmühl group (DEUTSCHE BOERSE: "GKR") again clearly increased its quarterly turnover, even though the growth dynamic is becoming increasingly weaker. For the business year 2011 Graphit Kropfmühl expects a record turnover of clearly more than EUR 110 million.

The uncertain development on the global financial markets and the decreasing growth dynamic on the sales markets is reflected in the course of turnover of the Graphit Kropfmühl group, even though the group compared to the macroeconomic growth rates showed a disproportionately high increase. The business development was extremely positive also in the 3rd quarter of 2011. Demand figures still are at a high level, and capacity utilisation remained above-average also during the summer months.

In the 3rd quarter the Graphit Kropfmühl group again reached a clear increase of the consolidated turnover of 22.2 % to TEUR 30,639. In the reporting period of January to September 2011 this means a significant 27.3 % jump in turnover. Compared to the previous year the consolidated turnover for the first nine months increased from TEUR 71,709 to TEUR 91,310. A clearly higher price level in both segments in connection with efficiency gains from excellent plant utilisation compensated the burdens resulting from clearly increased raw material prices and higher project costs for the exploration of new raw material sources. Altogether the earnings and profitability ratios have clearly improved in 2011.

Group January to September		2011	2010	Change
Total sales	in TEUR	91,310	71,709	27.3 %
Gross profit	in TEUR	18,285	7,232	> 100.0 %
EBITDA ¹	in TEUR	13,309	4,418	> 100.0 %
EBIT	in TEUR	10,555	1,659	> 100.0 %
EBT	in TEUR	9,535	782	> 100.0 %
Consolidated earnings for the year	in TEUR	6,798	593	> 100.0 %
Employees (30 September)		506	479	10.4 %
Profitability		2011	2010	
EBITDA margin ¹	in %	14.6	6.2	
EBIT margin	in %	11.5	2.3	
Return on sales	in %	10.4	1.1	
Return on equity	in %	21.4	2.6	

¹ Adjusted EBITDA before restructuring measures and impairing losses, expenses for recultivation and foreign exchange result

Silicon-metal segment

In the silicon-metal segment the sales figures could be clearly increased in the first nine months, which especially is due to a distinct sales rise of RW filler products. Combined with a good earnings level for silicon-metal the turnover figure jumped by 26.8 % to TEUR 59,200.

The earnings and profitability ratios in the silicon-metal segment improved disproportionately. The table below shows the segment's essential ratios.

Silicon-metal segment January to Sept.		2011	2010	Change
Sales volume	in t	44,722	41,635	7.4 %
Sales	in TEUR	59,200	46,704	26.8 %
Segment share of total sales	in %	64.8	65.1	
EBITDA ¹	in TEUR	10,221	2,158	> 100.0 %
EBIT	in TEUR	8,998	779	> 100.0 %
EBT	in TEUR	8,913	628	> 100.0 %
Employees (30 September)		110	107	2.8 %

¹ Adjusted EBITDA before restructuring measures and impairing losses, expenses for recultivation and foreign exchange result

Graphite segment

The increase of global graphite consumption still is noticeable on the global markets, even though growth no longer is as dynamic as at the beginning of the year. Compared to the previous year segment sales slightly increased again during the third quarter, after the sales figure for a short time had decreased in the second quarter.

For more than two years the price development has been influenced by the growing global demand and by more stringent raw material export conditions for example on the Chinese procurement markets. In 2011 we were able to step by step pass these increasing costs from more stringent procurement conditions on to our customers, which resulted in a corresponding increase of the earnings level. The first nine months apart from a volume-related increase of turnover also contain an earnings effect of about 20 %, which altogether resulted in a jump in turnover of 28.4 % to TEUR 32,110.

The burden from increased procurement prices also was compensated by efficiency gains resulting from improved plant utilisation and from the operation of state-of-the-art production facilities. Higher project costs for the exploration of deposits in Brazil and Mozambique burden the selling, general and administrative expenses. The good earnings ratios in the third quarter also result in improved margins for the total year.

Graphite segment January to September		2011	2010	Change
Sales volume	in t	18,747	17,354	8.0 %
Sales	in TEUR	32,110	25,005	28.4 %
Segment share of total sales	in %	35.2	34.9	
EBITDA ¹	in TEUR	3,088	2,260	36.6 %
EBIT	in TEUR	1,558	880	77.0 %
EBT	in TEUR	623	154	> 100.0 %
Employees (30 September)		396	372	6.4 %

¹ Adjusted EBITDA before restructuring measures and impairing losses, expenses for recultivation and foreign exchange result

Investments

In the third quarter the additions to property, plant and equipment from replacement and expansion investments amounted to TEUR 1,700. In the first nine months real investments totalled TEUR 4,212. In the silicon-metal segment the electrode system in a furnace was modernised and preparatory work for the conversion of another furnace also was started. In the graphite segment we also installed more efficient machinery to further increase our production capacities and generate additional cost advantages. Among others we built a new compressed-air station. The construction of another micronising line at the Kropfmühl plant has been started and should be finished until January 2012. Corresponding measures for improving flood protection and infrastructure at the Kropfmühl plant were started in the third quarter and concluded still in October.

Outlook

Based on the available figures for the third quarter, on the current order situation, and on information gained from talks with our customers, we confirm our forecast for the total year 2011. The consolidated turnover clearly will exceed EUR 110 million, and earnings and profitability ratios will clearly increase in line with the development of turnover.

Financial calendar

German Equity Forum, Frankfurt	23 November 2011, 14.15 – room London
Annual General Meeting, Munich	20 June 2012

Forward-looking statements

This press release contains statements about future developments that are based on currently available information and may involve risks and uncertainties, the result of which may be that the actual results may differ from the forward-looking statements. Statements about future developments must not be understood as guarantees. Future developments and events rather depend on a variety of factors, they contain various risks and imponderabilities and are based on assumptions that might turn out to be incorrect. For example, these include unforeseeable changes of the general political, economic, and social conditions.

Information on the company

Graphit Kropfmühl AG is a specialist for the production of silicon-metal and a globally leading supplier of refined natural graphite, with locations in Europe, Asia and Africa. The company that is listed in the Prime Standard (ISIN: DE0005896005) provides its customers with silicon-metal and graphite solutions for the most versatile applications. Silicon-metal is used in the chemical, aluminium, semiconductor and solar cell industries. High-quality graphite among others is used in lubricants, carbon brushes for electric motors, and in the chemical industry, for example for thermal insulation and energy saving programs.

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Listed: Frankfurt; regulated market in Frankfurt (Prime Standard);
Unlisted market in Berlin-Bremen, Düsseldorf, Hamburg, Munich and Stuttgart