

# Stifel German Corporate Conference

Thomas Dippold (CFO) | Frankfurt | May 15, 2024



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1. **Our business model at a glance**
2. **Details on Q1 2024 results**
3. **Main growth segment: Semiconductors**
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6. **Mid-term expectations and summary**

## 1 Our business model at a glance

**“Expert for products and solutions  
based on carbon and graphite”**

# Summary FY 2023 and look into the future

Financials		Business		Outlook
<div>1,089.1 mEUR</div> <div>Group sales. 4.1% down – driven by strong demand in GS, PT, CS - but weak demand in CF</div>	<div>Equity Ratio at 41.1% (31.12.2022: 38.5%)</div>	<div>GS, PT and CS with record performance in 2023</div> <div>High utilization rates</div>	<div>CF burdened by collapse of demand in wind</div> <div>Capacities partly idled</div>	<div>Guidance 2024:</div> <div>Sales on previous year level</div> <div>EBITDApre between 160 – 170 mEUR</div>
<div>Slight decline of EBITDApre by 2.5% to</div> <div>168.4 mEUR</div>	<div>115.8 mEUR net financial debt. Further reduction by 32.2% since YE 2022</div>	<div>Encouraging development in SiC-based semiconductor business to continue</div> <div>Focus on growth markets like semiconductor, renewable energy and e-mobility</div>		<div>Mid-term plan:</div> <div>Increasing demand for graphite components for SiC-based semiconductor industry</div> <div>Higher investments to increase production capacities</div> <div>2028 EBITDApre margin target ~19%-21%</div>

# SGL business units – innovative, unique and leading in focus markets

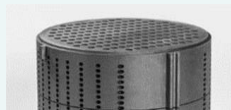


## Graphite Solutions



- Tailor-made products based on synthetic graphite
- Strategic supplier for premium Semiconductor ("Power electronics") as well as LED and Solar applications

## Process Technology



- Equipment and know-how specialist for chemical industry to handle corrosive material

## Carbon Fibers



- Acrylic fibers, carbon fibers, textiles, preregs, preforms
- Transformation from automotive supplier to wind energy and higher margin applications

## Composite Solutions



- Tailor-made products based on carbon- and glass fibers
- Specialist in automotive composite components e.g.
  - Battery cases for electric cars
  - Leaf springs

### Sales (FY 2023 mEUR)

565.7

127.9

224.9

153.9

### EBITDApre (FY 2023 mEUR)

134.0

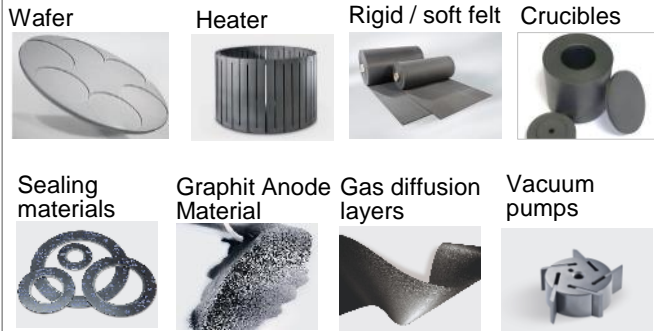
22.4

7.2

22.2

# Graphite Solutions: Strong growth potential in fast growing markets

## Selected products



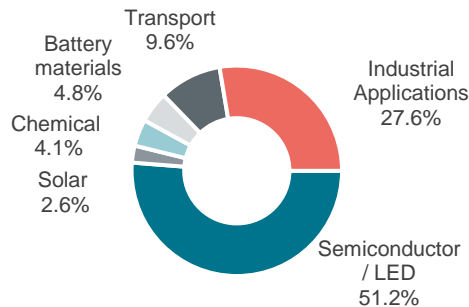
## Financials

in mEUR	Q1 2024	2023	2022	2021
Sales	141.3	565.7	512.2	443.6
EBITDApre	36.6	134.0	118.5	87.9
EBITDApre margin	25.9%	23.7%	23.1%	19.8%

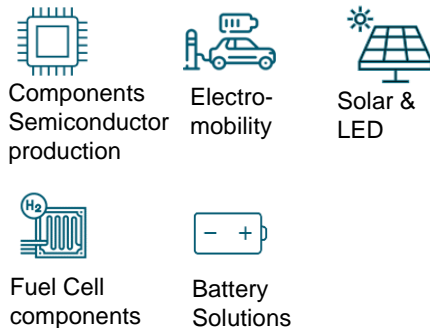
## Strategy and Outlook

- Well established technology leader in fast growing markets, esp. SiC-based semiconductor
- Strong local/regional supply of critical components and technology
- Intense investment program to enlarge production capacity to fulfill market demand
- **2024e: Slight sales increase, but significant EBITDApre growth expected**

## Split market segments Q1 2024



## Focus markets



Slight change means  $\leq 10\%$  | significant change means  $> 10\%$

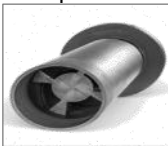
# Process Technology: Engineering competence enabling business performance

## Selected products

Heat exchanger



Components



Column constructions



Column equipment



## Financials

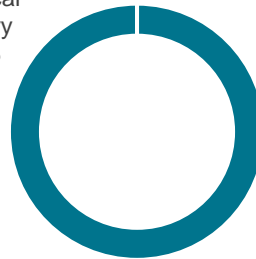
in mEUR	Q1 2024	2023	2022	2021
Sales	33.0	127.9	106.3	87.2
EBITDApre	6.9	22.4	9.9	4.7
EBITDApre margin	20.9%	17.5%	9.3%	5.4%

## Strategy and Outlook

- Striving for growth based on comprehensive product portfolio and service offerings
- Focus on expanding its technological leadership role while continuously optimizing its cost position
- **2024e: Stable sales but slight EBITDApre decrease expected**

## Split market segments Q1 2024

Chemical industry  
100%



## Focus markets



Chemical industry

Slight change means  $\leq 10\%$  | significant change means  $> 10\%$

# Carbon Fibers: Severely impacted by collapse of demand from wind industry and price pressure of commodity products

## Selected products

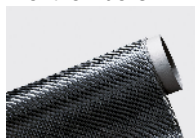
Carbon fibers



Oxidized PAN fibers



Textile fibers



Pre-impregnated material



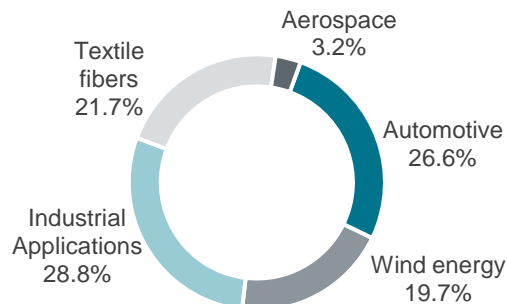
## Financials

in mEUR	Q1 2024	2023	2022	2021
Sales	57.6	224.9	347.2	337.2
EBITDApre	-5.2	7.2	43.2	54.5
EBITDApre margin	-9.0%	3.2%	12.4%	16.2%

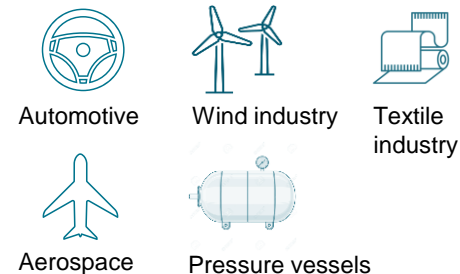
## Strategy and Outlooks

- Focus on growing markets like wind industry and attractive niche markets like pressure vessels
- Strategic review process for BU Carbon Fibers started in Feb. 2024
- **2024e: Sales at prior year level, EBITDApre to decline significantly**

## Split market segments Q1 2024



## Focus markets



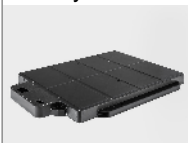
Slight change means  $\leq 10\%$  | significant change means  $> 10\%$



# Composite Solutions: excellent technology reputation in supplying high-volume solutions lead to growth perspectives

## Selected products

Battery cases



Leaf springs



Car body components



Structural components



Wet friction materials



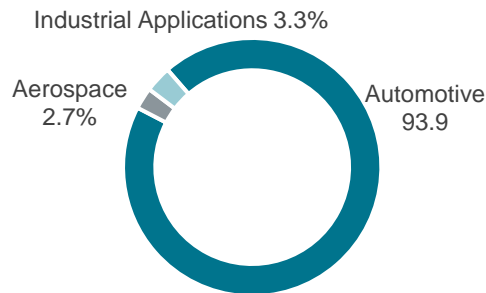
## Financials

in mEUR	Q1 2024	2023	2022	2021
Sales	37.1	153.9	153.1	122.5
EBITDApre	5.5	22.2	20.0	12.1
EBITDApre margin	14.8%	14.4%	13.1%	9.9%

## Strategy and Outlook

- Benefits from increasing number of new BEV and PHEV
- Growth with new automotive vehicle programs, high level of automation and by enlarging regional footprint (USA)
- **2023e: Significant decline in sales, but only slight decline in EBITDApre**

## Split market segments Q1 2024



## Focus markets



Electromobility



Automotive



Aerospace

## 2 Details on Q1 2024 results

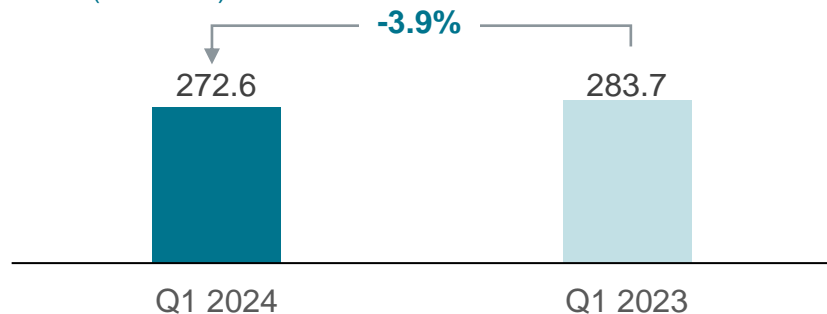
**“Q1 2024 development in line with  
FY 2024 guidance”**

# Q1 2024 in a nutshell

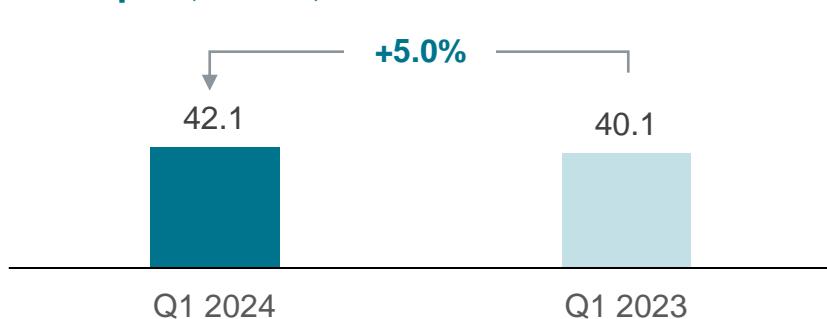
Financials		Business	Outlook
<b>272.6</b> mEUR Group sales - 3.9% driven by weak demand in CF and divestiture Pune/ Gardena in Corp.	EBITDApre margin improvement to <b>15.4%</b> (Q1 2023: 14.1%)	Ongoing strong performance in GS and PT  Weakness in CF continues  CS with negative sales effects from project finalization	<b>Guidance 2024 confirmed:</b> Sales on previous year level EBITDApre 160 – 170 mEUR
Increase of EBITDApre by 5.0% to <b>42.1</b> mEUR	<b>117.2</b> mEUR net financial debt  Leverage <b>0.7</b>	Encouraging development in SiC- semiconductor but we keep an eye on underlying markets like EV-sales	Focus on growth markets like semiconductor, renewable energy and e-mobility

# Improvement in EBITDApre despite slightly lower sales

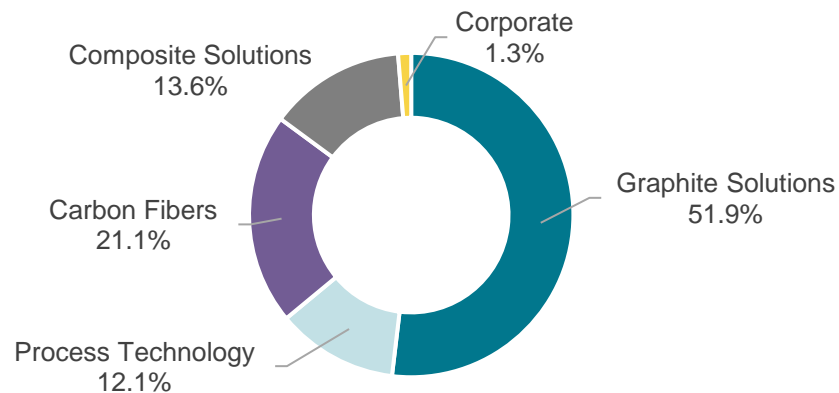
## Sales (in mEUR)



## EBITDApre (in mEUR)



## Sales split (in %)



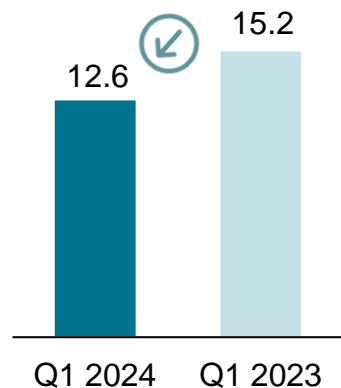
## Key developments

- Ongoing strong performance in GS and PT; weakness in CF continues
- Product mix changes lead to EBITDApre margin increase from 14.1% to 15.4% in three months comparison

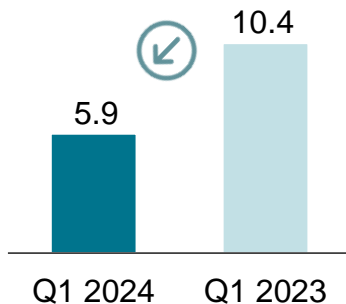
# Another solid quarter with positive net result and free cash flow

Key figures (in mEUR)

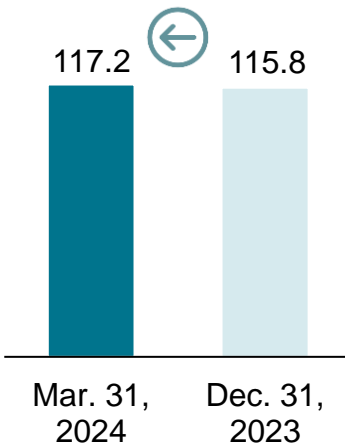
## Net result\*



## Free cash flow (FCF)



## Net financial debt

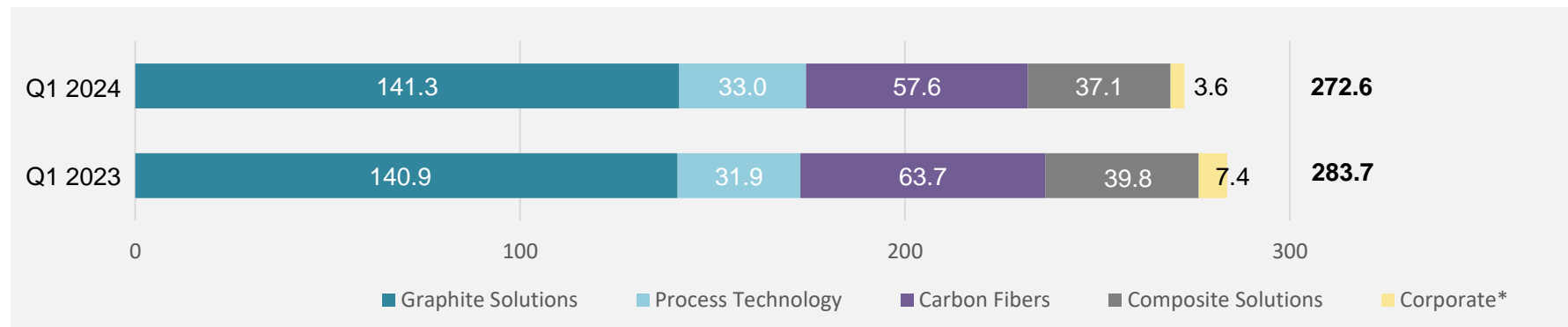


## Key developments

- **Net result\*:**  
decrease of 2.6 mEUR due to higher non-recurring exp. (2.4 mEUR) and taxes (2.0 mEUR) as well as lower negative financial result (1.3 mEUR)
- **Net financial debt** stable  
**leverage ratio** of 0.7
- **Equity ratio** increased by 0.9 ppt to 42.0%
- **ROCE** with 11.4% nearly unchanged

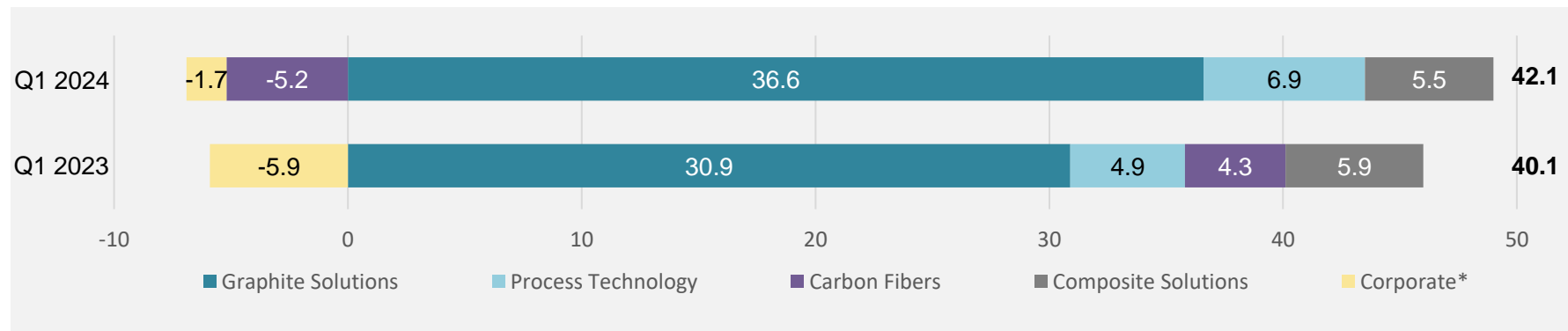
\* attributable to parent company shareholders

# Sales development per Business Unit (in mEUR)



Graphite Solutions	Process Technology	Carbon Fibers	Composite Solutions
<ul style="list-style-type: none"> <li>Semiconductor sales increase by 16% yoy. Higher demand esp. from silicon carbide semiconductors. Full utilization of capacities</li> <li>Other markets with declines</li> </ul>	<ul style="list-style-type: none"> <li>Strong support from well-filled order book with main customers from chemical industry</li> <li>Strong sales growth in Europe while other regions weaker</li> </ul>	<ul style="list-style-type: none"> <li>Temporary dip in demand from wind energy customers due to slow permits and increased costs for wind turbine manufacturers</li> <li>Weak demand in other markets</li> <li>Temporary idling of fiber lines</li> </ul>	<ul style="list-style-type: none"> <li>Expiry of project-related supply contract with automotive customer</li> </ul>

# EBITDApre development per Business Unit (in mEUR)



## Graphite Solutions

- Positive effects due to high utilization and product mix benefits
- Reallocation of capacity from solar to higher-margin semiconductor business

## Process Technology

- Higher utilization rates and strict cost management
- Positive product mix effects
- Margin over volume strategy pays off

## Carbon Fibers

- Lower sales and product mix effects burden profitability
- Lack of fixed cost absorption due to temporary shutdown of fiber lines
- 4.4 mEUR at-equity result from BSCCB

## Composite Solutions

- Slightly lower volumes led to slightly lower EBITDA
- EBITDA-margin of 14.8% at prior year level

### 3 Main growth segment: Semiconductors

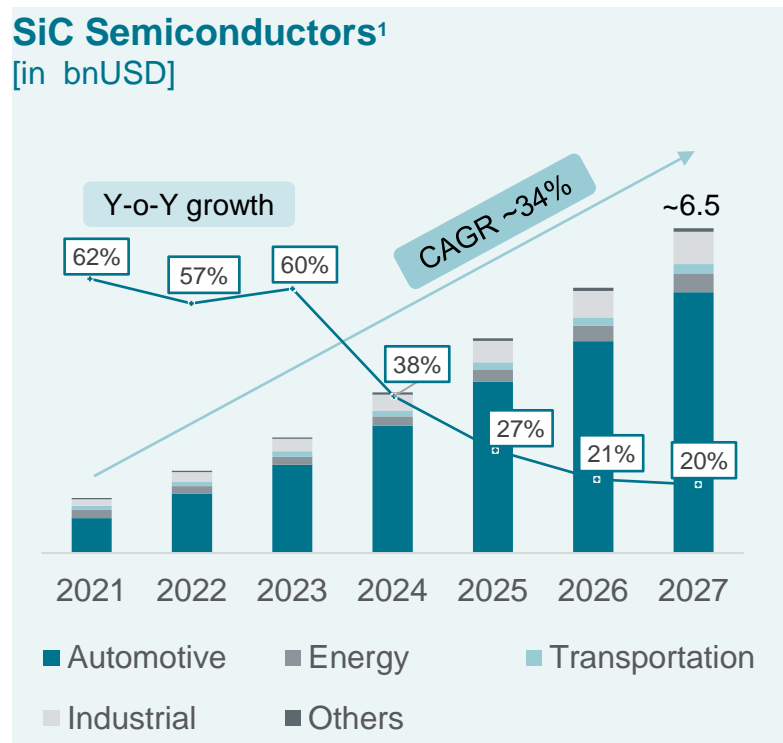
**“Benefit from strong customer demand”**



# Opportunity: SiC power semi serve the future trends of digitization and climate protection

## SiC Semiconductors<sup>1</sup>

[in bnUSD]



## Growth segment for SiC power

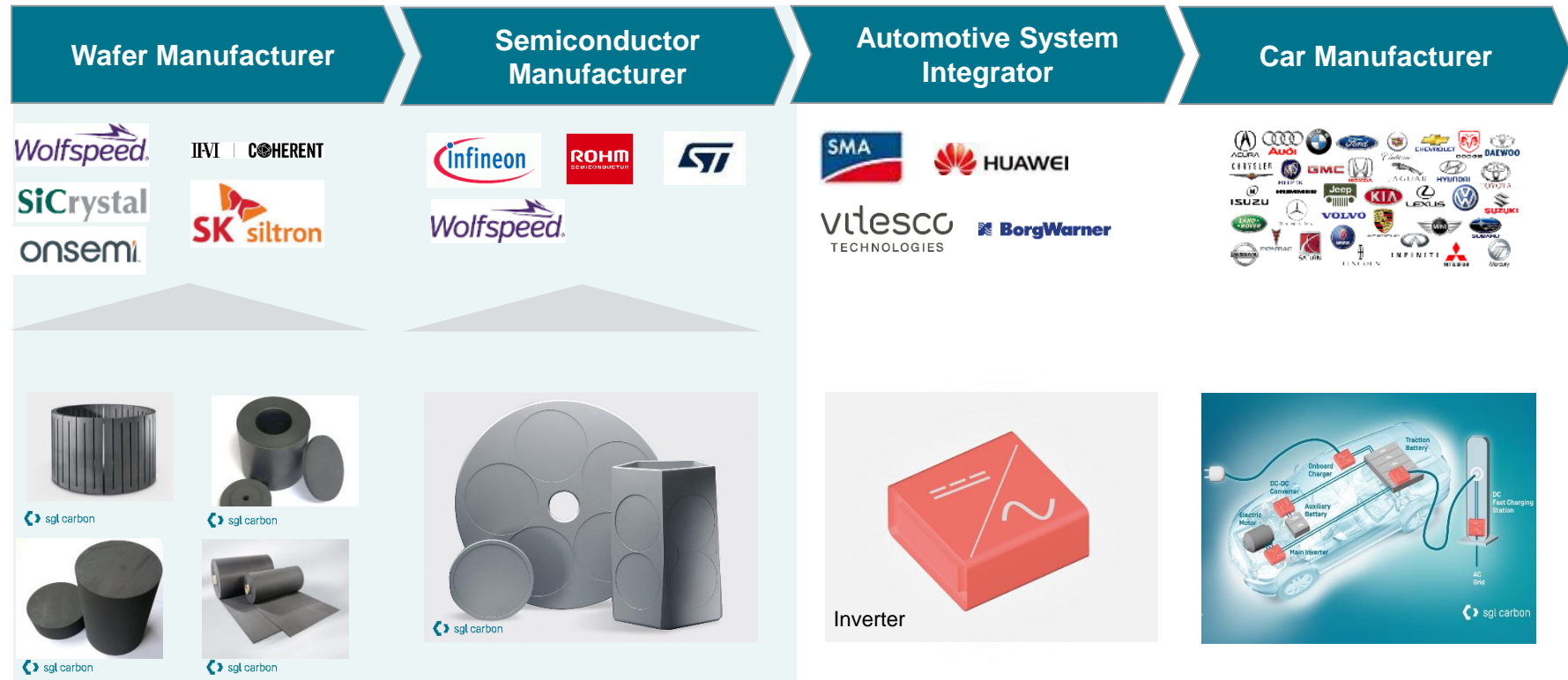
- Electric vehicles clearly remain the #1 application
- Industrial applications as 2nd strongest driver
- Distributed energy (e.g. PV, storage)

## Reduction of CO<sub>2</sub> emissions

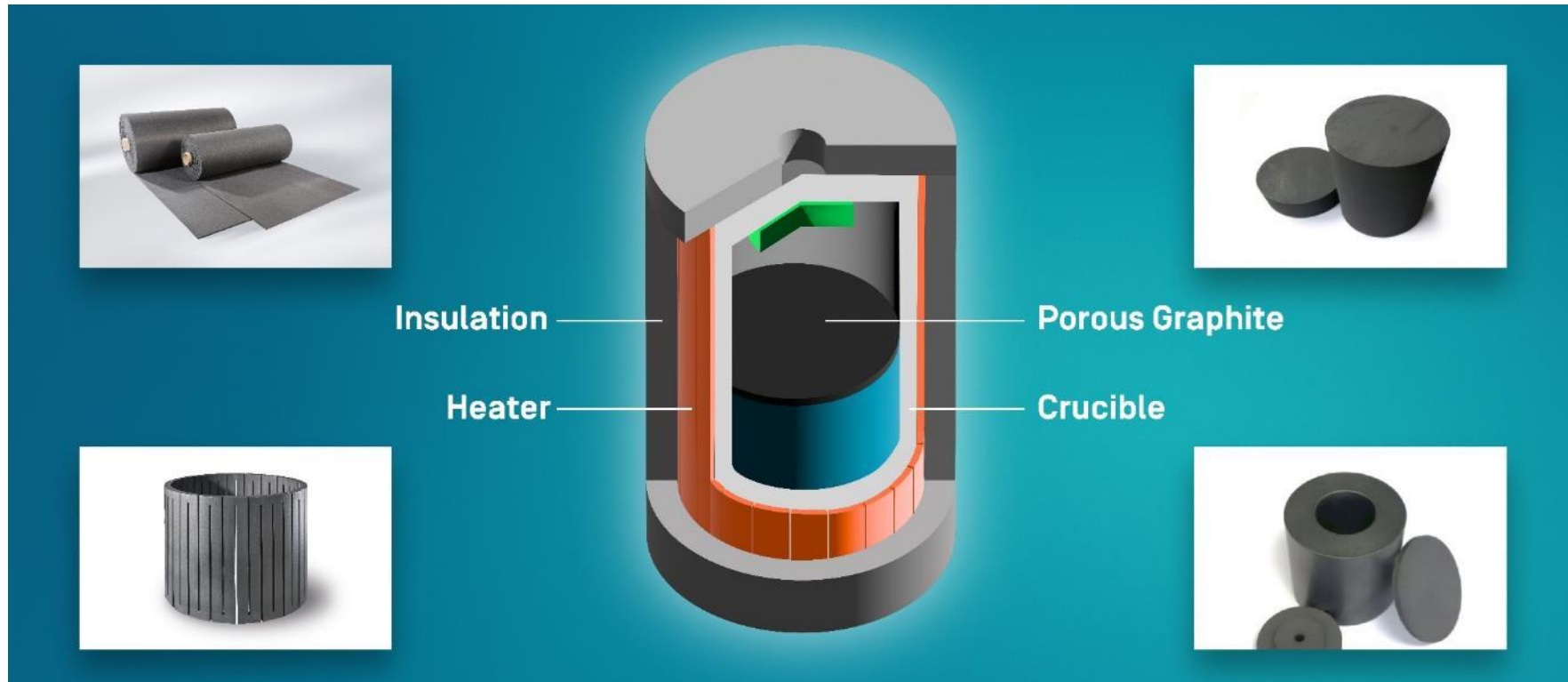
- Electrification of transport leads to an increasing electricity demand
- SiC semis play a key role in production, storage and transport of electricity
- Efficiency of SiC semis enable huge CO<sub>2</sub> savings

# What is SGL Carbons role in the Silicon Carbide value chain?

## Example automotive industry



# Wafer manufacturers need SGL graphite components for SiC crystal growth



# SGL semiconductor sales development exceeds market trend

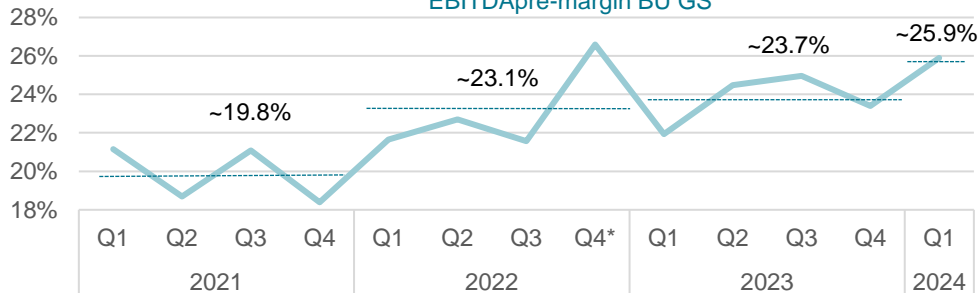
## GS market segment semiconductor & LED over time

in Mio. €

SGL CAGR ~42% (FY comparison 2021-2023)



EBITDApre-margin BU GS



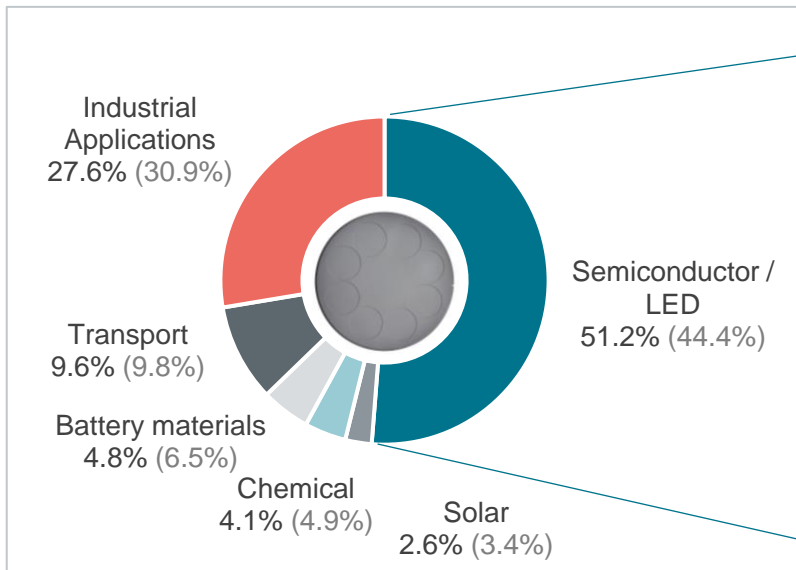
Q4\* = one-time-effect insurance payment & reversal of provisions

## Drivers of portfolio shift

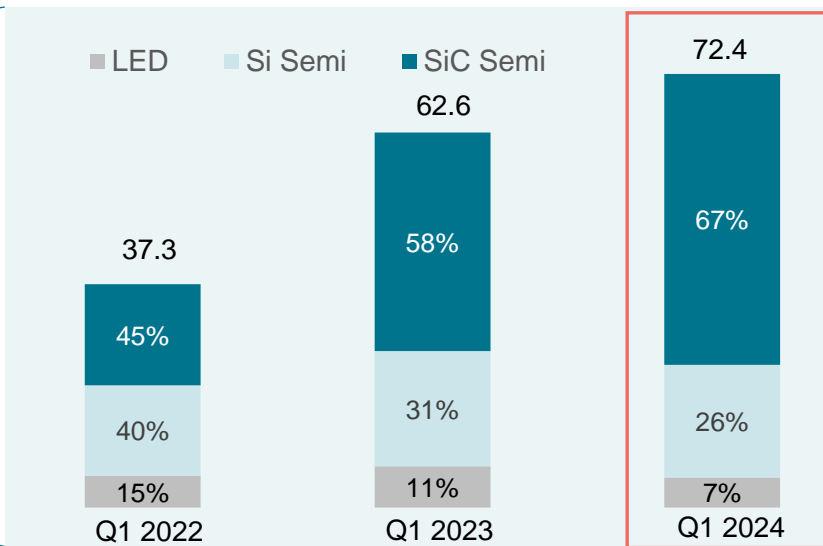
- 34% SiC market growth (CAGR 2021-2027 Yole Research)
- 42% SGL's Semiconductor & LED sales growth (CAGR 2021-2023) while SGL SiC sales growth even outperforming
- Focus on market segments with most attractive margins and growth potential
- Full capacity utilization for isostatic and porous graphite
- Expansion of SGL production capacities
- Customer down-payments of 33 mEUR in 2022, 70 mEUR in 2023 and 8 mEUR in Q1 2024 to invest in new production capacities to meet customer demand

# Semiconductors drive SGL's growth and profitability

Sales split GS by market segment in Q1 2024 versus Q1 2023 (in %)



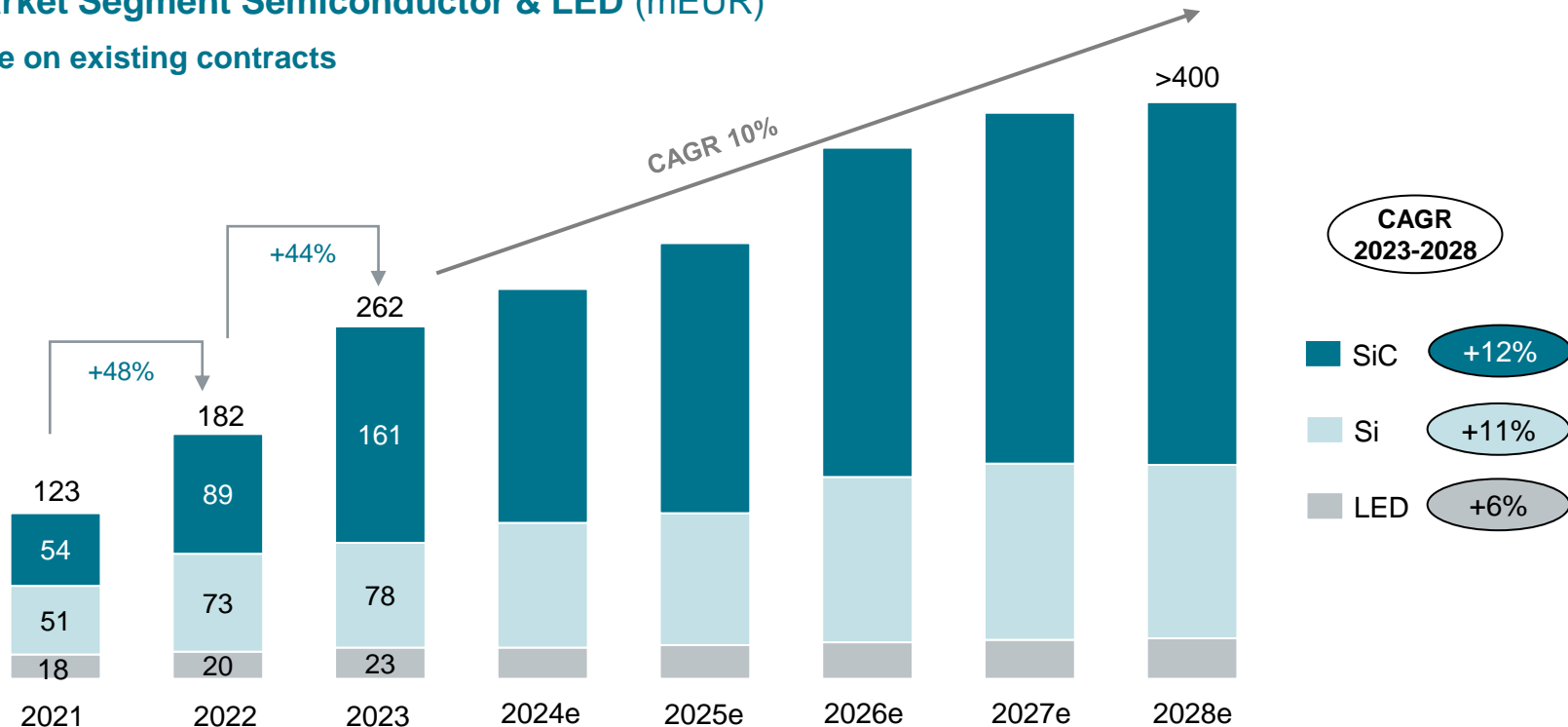
Sales split Semi/LED market segment  
mEUR



# SiC sales will dominate future semiconductor sales with CAGR of 12%

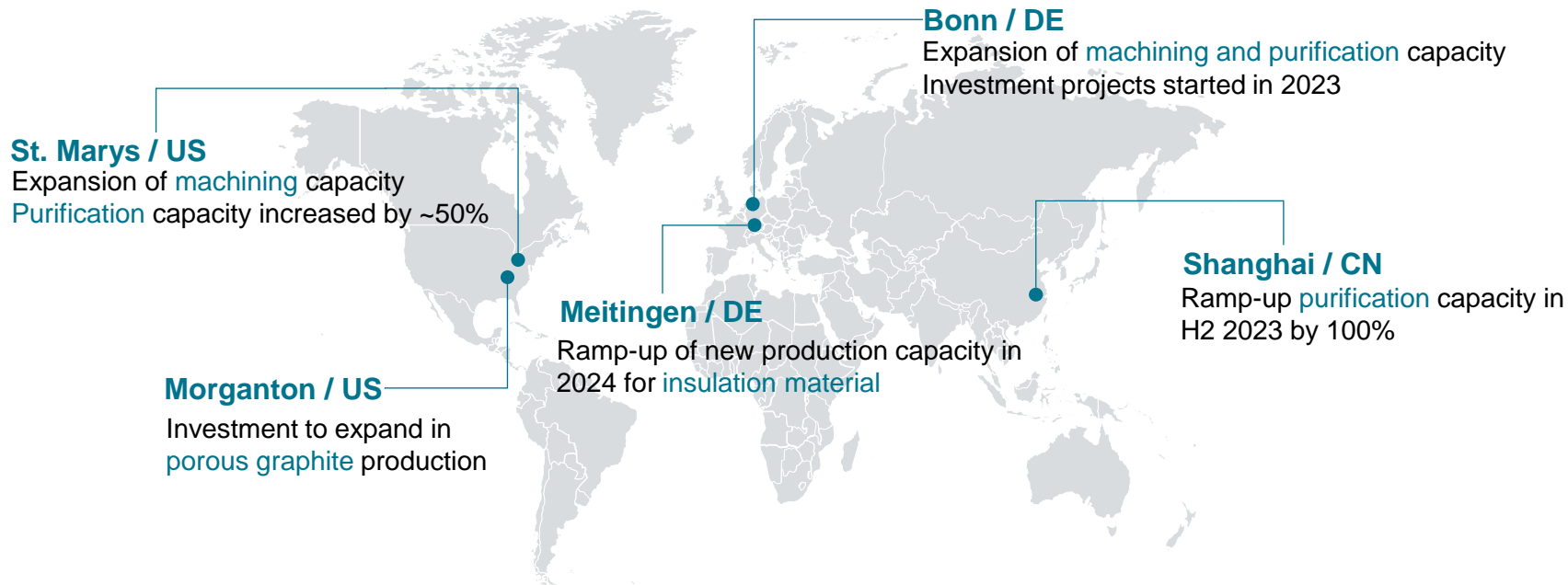
## Split Market Segment Semiconductor & LED (mEUR)

Base case on existing contracts



# GS capex of 57.4 mEUR in FY 2023 mainly used to increase production capacity in semiconductors (2022: 33.3 mEUR)

New investments in the high double-digit million range ensure expanded capacities



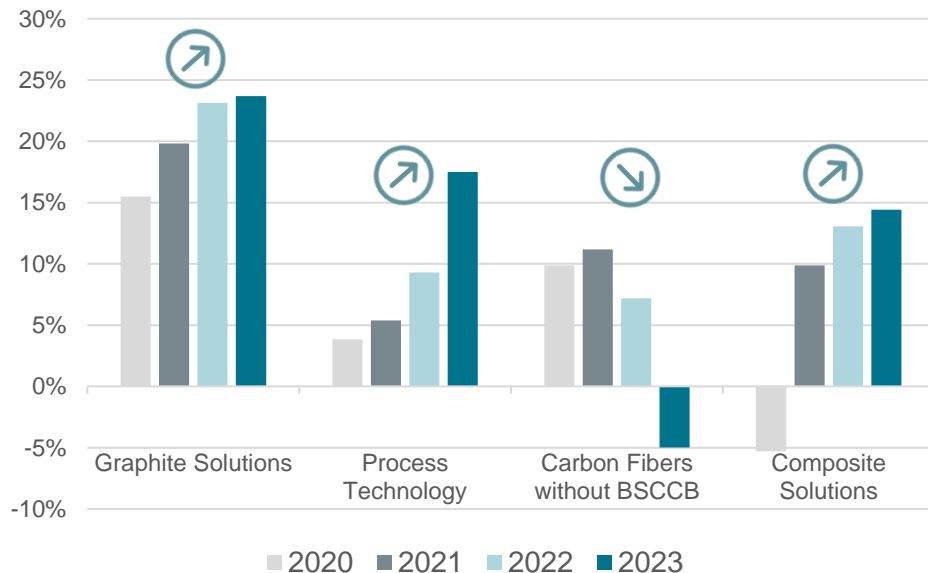
## 4 Strategic Review Business Unit Carbon Fibers

**“Downturn in wind market led to a review of strategic options for CF”**



# Preparing SGL Carbon for the next step of profitable growth

## EBITDApre margins (in %)



## SGL Carbon business portfolio

- Focus on innovative and customized products
- Attractive markets with growth potential in which SGL Carbon has a leading market position
- Clear profitability targets

## CF business development

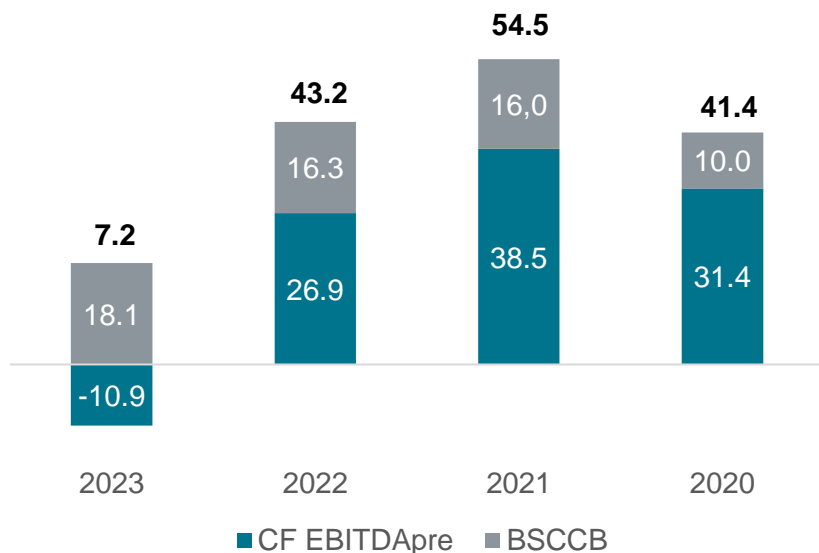
- Current main market wind industry (commodity)
- Specialization in attractive niche markets - shifting away from commodity applications
- New investor could provide necessary resources to further develop the business and to exploit market opportunities

# Our BSCCB joint venture remains an important part of SGL Carbon



## 2023 EBITDApre CF incl. BSCCB result

(in mEUR)

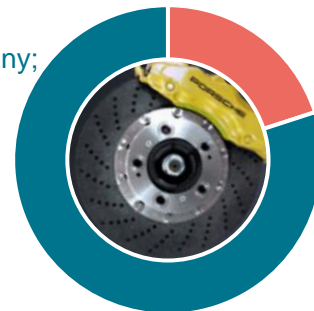


## BSCCB expansion of production capacities

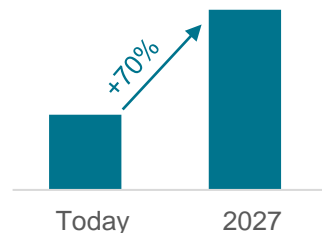
### Investment volume by sites

Meitingen, Germany;  
120 mEUR  
(Equipment +  
production facility)

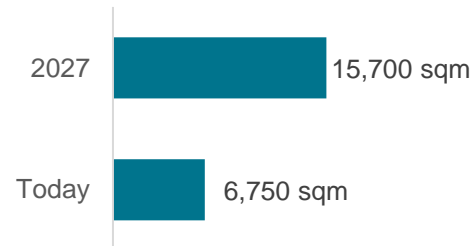
Stezzano, Italy;  
30 mEUR  
(Equipment)



### Capacity expansion



### Production space SGL-Meitingen



# Attractive opportunity to participate in a fully integrated carbon fiber business

## Carbon Fibers



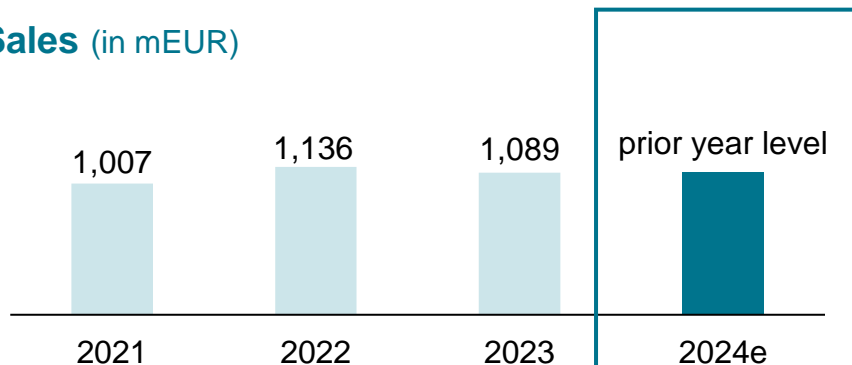
- 1 Highly attractive platform in an increasingly important material
- 2 Carbon Fiber can support global mega trends like renewable energy or climate friendly transport
- 3 Diversified, blue-chip customer base with long-standing relationships
- 4 Global, integrated platform to serve customers locally
- 5 Well-established innovation platform to continuously optimize product features and production processes
- 6 Attractive sustainability profile accelerating customer decarbonization
- 7 Clear roadmap with identified operational improvement initiatives

## 5 Outlook 2024

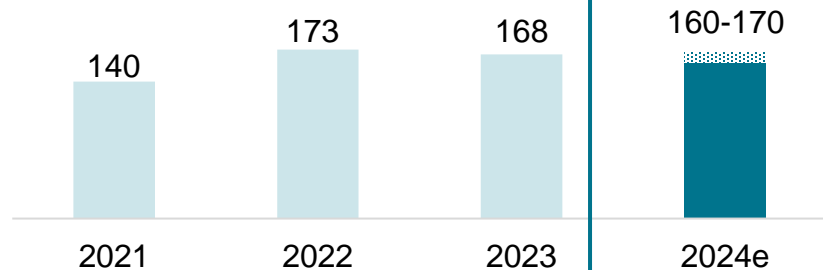
**“Secure future growth by expanding strong-margin segments”**

# Stabilization at prior year level and focus on capex in GS business to secure future growth

## Sales (in mEUR)



## EBITDApre (in mEUR)



## Key drivers and effects

### Sales

- Focus on established growth markets such as semiconductors, electromobility and renewable energies
- Growth driver remains semiconductor industry
- CF sales on low 2023 level due to ongoing crisis in the wind industry

### EBITDApre

- Positive effects from product mix and increasing capacity for special graphite products
- CF with negative impact on 2024 profitability
- Expectations EBITDApre without negative CF impact between 180 – 190 mEUR

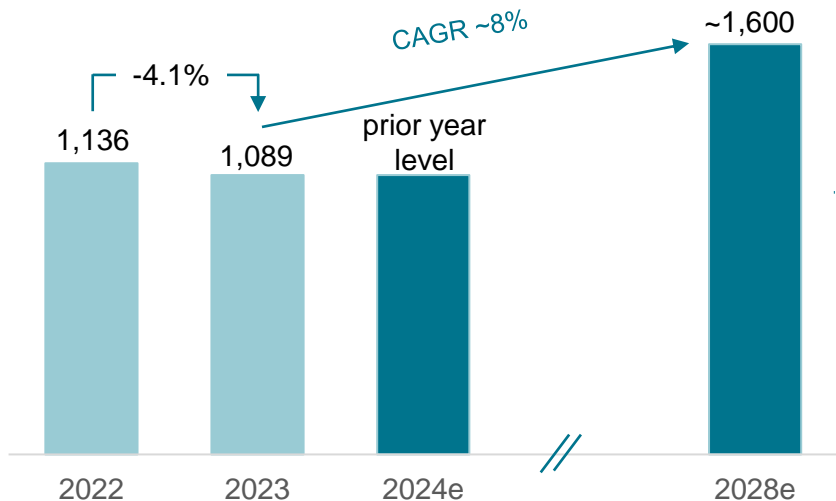
## 6 Mid-term expectations and summary

**“Updated medium-term planning  
including all four business units”**

# Mid-term: Faster organic growth of EBITDApre compared to sales from 2024 onwards

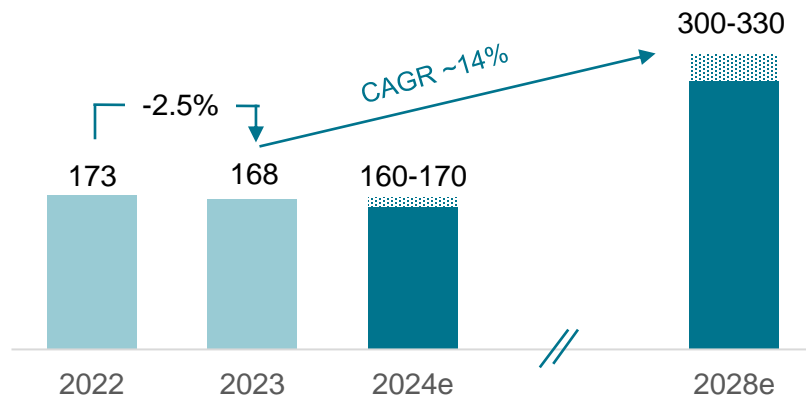
## Group sales 2022 – 2028

in mEUR



## EBITDApre and –margin 2022 – 2028

in mEUR



### EBITDApre-margin

15.2%

15.5%

~15%

19-21%

# SGL Carbon mid-term growth path on track

1. All business units will benefit from megatrends: digitization, renewable energies and climate-friendly mobility
2. Ongoing high demand for special graphite components for SiC-based semiconductor industry
3. High investments to increase production capacities for high margin products
4. Focus on innovative and customized products in growth markets where we have an established market position
5. Build a profitability-driven portfolio company for advanced materials





### **Important Note**

This presentation contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to SGL Carbon's outlook and business development, including developments in SGL Carbon's Graphite Solutions (GS), Process Technology (PT), Carbon Fibers (CF) and Composite Solutions (CS) businesses, expected customer demand, expected industry trends and expected trends in the business environment, statements related to SGL Carbon's cost savings programs. You can generally identify these statements by the use of words like "may", "will", "could", "should", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "potential", "intend", "continue" and variations of these words or comparable words. These statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about SGL Carbon's businesses and future financial results, and readers should not place undue reliance on them. Forward-looking statements do not guarantee future performance and involve risks and uncertainties. These risks and uncertainties include, without limitation, changes in political, economic, legal and business conditions, particularly relating to SGL Carbon's main customer industries, competitive products and pricing, the ability to achieve sustained growth and profitability in SGL Carbon's Graphite Solutions (GS), Process Technology (PT), Carbon Fibers (CF) and Composite Solutions (CS) businesses, the impact of any manufacturing efficiencies and capacity constraints, widespread adoption of carbon fiber products and components in key end-markets of SGL Carbon, including the automotive and aerospace industries, the inability to execute additional cost savings or restructuring measures, availability of raw materials and critical manufacturing equipment, trade environment, changes in interest rates, exchange rates, tax rates, and regulation, available cash and liquidity, SGL Carbon's ability to refinance its indebtedness, development of the SGL Carbon pension obligations, share price fluctuation may have on SGL Carbon's financial condition and results of operations and other risks identified in SGL Carbon's financial reports. These forward-looking statements are made only as of the date of this document. SGL Carbon does not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.