Annual General Meeting 2011
Agenda

1. The 2010 Business Year
2. First Quarter and Outlook 2011
3. Vision 2015 – Mid-term Targets
SGL Group
2010 Back on Growth Track

Business Development

• Results for fiscal year 2010 better than initially expected
• Sales up 13% to €1.4 billion
• EBIT rose by 16% to €128 million
• Return on sales increased from 9.1% to 9.3%
• Investment program in new technologies continued according to schedule (€137 million)
• Cost savings from SGL Excellence Initiative of €23 million
• Earnings per share: €0.80 (previous year minus €0.93)

→ Sound base for further profitable growth
## Strategic Development

- **PP:** Further expansion of carbon and graphite production facility in Banting (Malaysia) according to schedule

- **GMS:** Decision to triple global isostatic graphite capacity

- **CFC:** Expansion of CFC activities

  - JV with the BMW Group: Construction of a carbon fiber production facility in Moses Lake, Washington (USA) and a carbon fiber fabric production facility in Wackersdorf (Germany)

  - JV with Mitsubishi Rayon (Japan) to secure PAN-Precursor supply
## Strategic Development

- **Expansion of R&D infrastructure**
  - New carbon fiber pilot facility for the aviation industry
  - New laboratory facility for the production of composites (prepreg)
  - Supporting the academic and scientific environment
    - Professorship for Carbon Composites at the Technical University of Munich (TUM)
    - Fraunhofer Institut, project group “Integrated light-weight construction”
    - “SGL Carbonum” Management Center for Advanced Education and Knowledge Transfer at Augsburg University
SGL Group
Performance Products (PP)

<table>
<thead>
<tr>
<th>in € million</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>763</td>
<td>642</td>
</tr>
<tr>
<td>EBITDA</td>
<td>178</td>
<td>181</td>
</tr>
<tr>
<td>Profit from operations (EBIT)</td>
<td>144</td>
<td>152</td>
</tr>
<tr>
<td>Return on sales (in %)</td>
<td>18.9</td>
<td>23.7</td>
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- **Sales increase: 19%**
  - Graphite electrodes: Sales increase driven by rising demand from steel industry
  - Cathodes: Expected decline in cathodes demand due to capex pause in aluminum industry

- **EBIT decreased by 5%** due to:
  - Higher raw material costs in graphite electrodes
  - Decline in cathodes business volume
  - Start-up costs for new Malaysian plant
  - SGL X savings of € 8 million
Sales increase: 9%
- New orders began a strong recovery at the start of 2010, led to notable sales not before Q2/2010
- Improvement in all customer industries, in particular semiconductor, LED and solar industries
- Exception chemical industry, lower investments after two consecutive record years

EBIT increased by 32% due to:
- Substantially improved business volumes and resulting improved capacity utilization
- SGL X savings of €9 million
SGL Group
Carbon Fibers & Composites (CFC)

<table>
<thead>
<tr>
<th>in € million</th>
<th>2010</th>
<th>2009</th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>219</td>
<td>208</td>
</tr>
<tr>
<td>EBITDA</td>
<td>5</td>
<td>-12</td>
</tr>
<tr>
<td>Profit from operations (EBIT)</td>
<td>-7</td>
<td>-23*</td>
</tr>
<tr>
<td>Return on sales (in %)</td>
<td>-3.0</td>
<td>-11.0*</td>
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</table>

- **Sales increase: 5%**
  - Higher demand for carbon fibers, composite materials and aerospace components (HITCO)
  - Lower sales contribution from SGL Rotec due to changes in production equipment
  - Excluding SGL Rotec → CFC sales increased by more than 30%

- **EBIT improved by more than 70%** due to:
  - Higher sales volumes within aerospace industry
  - Operational improvement across all Business Units
  - SGL X savings of €6 million
  - However, still unsatisfactory price level due to high stock

*before impairment loss
Solid Financing Structure and Cash on Hand Allow Continuation of Growth Path

Solid long-term financial structure

- €200 million Corporate Bond (maturity 2015)
- €200 million Convertible Bond (maturity 2013, conversion price €36.52)
- €200 million undrawn credit facility (original 2012 maturity extended to 2015)

Followed by a supplemental debt instrument in June 2009

- €190 million Convertible Bond (maturity 2016, conversion price €29.39)

SGL Group had solid balance sheet ratios and cash on hand at end of December 2010

- Equity ratio: 41%
- Gearing*: 0.47
- Total liquidity: €285 million

No refinancing requirements before 2013 at the earliest

* Net debt to equity
Ensuring the Future
High Level of Capital Expenditure in 2010

Major investment focus in 2010:

• **Performance Products:**
  - Carbon-Hub in Malaysia

• **Graphite Materials Systems:**
  - Capacity expansion of isostatic graphite in Germany
  - Capacity expansion in USA

• **Carbon Fibers Composites:**
  - Further investments in automation technologies at HITCO (USA)
  - Investments for ramping up production capacity at SGL Rotec

• **Corporate R&D:**
  - Pilot plant for aeronautic fiber in Germany
  - Prepreg laboratory facility in Germany

![Capital expenditure chart]

*gross, before third-party payments
## Highlights first quarter 2011

- Sales increased by 20% to €364 million
- Operating profit (EBIT) rose by 40% to €36 million
- Return on sales at 10% (Q1/2010: 9%)
- Profit for the period increased by 60% to €15 million
- Free cash flow: Minus €18 million (Q1/2010: €26 million)
- Equity ratio steadily solid at 41% (2010: 41%)
- Gearing of 0.49 still at target level
**SGL Group**

**Outlook 2011: Double-Digit Sales and EBIT Growth**

<table>
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<tr>
<th>Group</th>
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<tr>
<td>• Sales to rise at least 10%</td>
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<tr>
<td>• EBIT grows to €150-165 million</td>
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<tr>
<td>• Resulting in Group ROS of 10%-11%</td>
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<tr>
<td>• Tax rate approx. 30%</td>
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<table>
<thead>
<tr>
<th>Capex, balance sheet, cash flow</th>
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<tr>
<td>• Gearing level to remain at approx. 0.5 based on today’s portfolio</td>
</tr>
<tr>
<td>• Gearing defines capex level</td>
</tr>
<tr>
<td>• Capex approx. €150 million to be largely funded from operating cash flow</td>
</tr>
<tr>
<td>• Resulting in free cash flow of minus €30-35 million (2010: minus €38 million)</td>
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<tr>
<th>Key risks</th>
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<tr>
<td>• Raw material availability</td>
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<tr>
<td>• Political and economic uncertainties</td>
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Vision 2015

Mid-term Targets
SGL Group
Fundamental Trends Offer Growth Opportunities

Established Business in Basic Industries

- Steel & Aluminum
  - Graphite electrodes for electric steel
  - Furnace linings
  - Cathodes for aluminum production
- Chemical
  - Sealing materials
  - Equipment for HCl synthesis
  - Heat exchangers

Automotive
- Ceramic brake discs
- Carbon fiber fabrics for composite materials

Solar
- High purity fine grain graphite for polysilicon and mono crystal pulling

e-Mobility
- Graphite anode material for lithium-ion batteries

Aircraft
- Structural components made from carbon fiber composite materials

Wind
- Carbon fibers, prepregs and rotor blades for wind turbines

Air Conditioning
- Air conditioning systems made from expanded graphite

New Business in Growth Markets

Emerging Countries Infrastructure Build-Up

Industrialized Markets Fast Innovations and Technological Progress

- Solar
- Wind
- Aircraft
Advanced Materials targeted to reach ~ 50% of Group sales by 2015

2011 – 2015
Group Sales to Increase by More Than 10% p.a. Reaching €2.5 bn in 2015*

*organic growth, excluding acquisitions
**additional sales from at-equity consolidated JVs in CFC calculated on 100% ownership
2011 – 2015
Return on Sales (ROS) Target Remains at Minimum 12%

Group ROS target of ≥ 12% to be achieved again from 2012 onwards

- All business areas expected to be profitable from 2011 onwards
- New assets coming on stream contribute to sales and cash flow growth
- Higher capacity utilization especially in PP will lead to ROS ≥ 12% from 2012
Capex and depreciation expected to converge

- Major investments on schedule
- Capex requirements up to €150 million p.a. in 2011 and 2012, declining thereafter
- Capex continues to be funded almost entirely from operating cash flow
- Positive free cash flow starting 2013
- Gearing target remains at approx. 0.5 and is indicative for capex levels
New assets leading to significant sales growth of more than 10% p.a.

- Reaching Group sales of €2.5 billion by 2015
- Plus approximately €500 million from at-equity consolidated JVs* in CFC

*calculated on 100% ownership
### Key Messages and Targets

**2011 – 2015**

**Sales growth targets raised**

- CFC from $\geq 15\%$ p.a. $\rightarrow$ $\geq 20\%$ p.a.
- GMS from 6-8% p.a. $\rightarrow$ $\geq 10\%$ p.a.
- PP reaches record sales levels and delivers earnings growth
2011 – 2015
Key Messages and Targets

Improved sales and earnings quality

- All three Business Areas become profit pillars as a result of a more balanced portfolio
- Group ROS target ≥ 12% to be reached from 2012 onwards
- Group ROCE target ≥ 17% to be achieved by end 2015
- Gearing target remains at approx. 0.5
- Free cash flow expected to turn positive in 2013
Dividend Policy 2009/10

• Previous Plan: Dividend payment for record year 2008

• Priorities for crisis management 2009/10:
  - Safeguard liquidity, continue at low debt level
  - Strong investment program to ensure future growth
  - Regain dividend ability
### Dividend Policy 2011/12ff

- Basis for sustainable profitable growth is established
- Capex demand to decline in the mid term, as investments in future growth are now implemented
- Resulting in positive free cash flow from 2013 onwards
- Decision on reinstatement of dividend payment to be taken in 2011

**Dividend payment planned to be resumed in 2012 for fiscal 2011***

* Condition: No macroeconomic disturbances
Thank you very much for your attention!
Important Note

This presentation may contain forward-looking statements based on the information currently available to us and on our current projections and assumptions. By nature, forward-looking statements involve known and unknown risks and uncertainties, as a consequence of which actual developments and results can deviate significantly from these forward-looking statements. Forward-looking statements are not to be understood as guarantees. Rather, future developments and results depend on a number of factors; they entail various risks and unanticipated circumstances and are based on assumptions which may prove to be inaccurate. These risks and uncertainties include, for example, unforeseeable changes in political, economic, legal, and business conditions, particularly relating to our main customer industries, such as electric steel production, to the competitive environment, to interest rate and exchange rate fluctuations, to technological developments, and to other risks and unanticipated circumstances. Other risks that in our opinion may arise include price developments, unexpected developments connected with acquisitions and subsidiaries, and unforeseen risks associated with ongoing cost savings programs. SGL Group does not intend or assume any responsibility to revise or otherwise update these forward-looking statements.