

# Annual General Meeting 2013

Wiesbaden  
April 30, 2013

BROAD BASE. BEST SOLUTIONS.



# The 2012 business year

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**2012:** - a good year for PP and GMS  
- a bad, frustrating year for CFC

Sales **+11% to €1.71 billion** (2011: €1.54 billion)

EBIT<sup>1)</sup> **-4% to €154 million** (2011: €160 million)

ROS<sup>1)</sup> **9.0%** (2011: 10.4%)

Net profit **€7.2 million** (2011: €73.2 million) affected by non-cash write-downs of €54.2 million for delayed Boeing B-787 orders

1) EBIT / ROS before project write-offs in 2012 and before impairment losses / reversal of impairment losses in 2011

### Solid balance sheet ratios and high liquidity at end of December 2012

Equity ratio 42%

Gearing 0.43, below target area of approx. 0.5

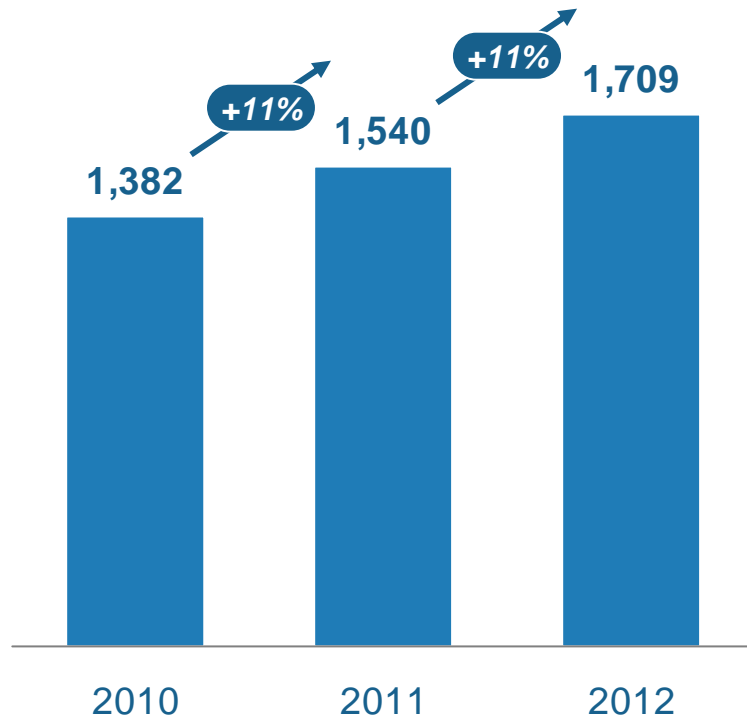
Liquidity €356 million

### Highlights 2012

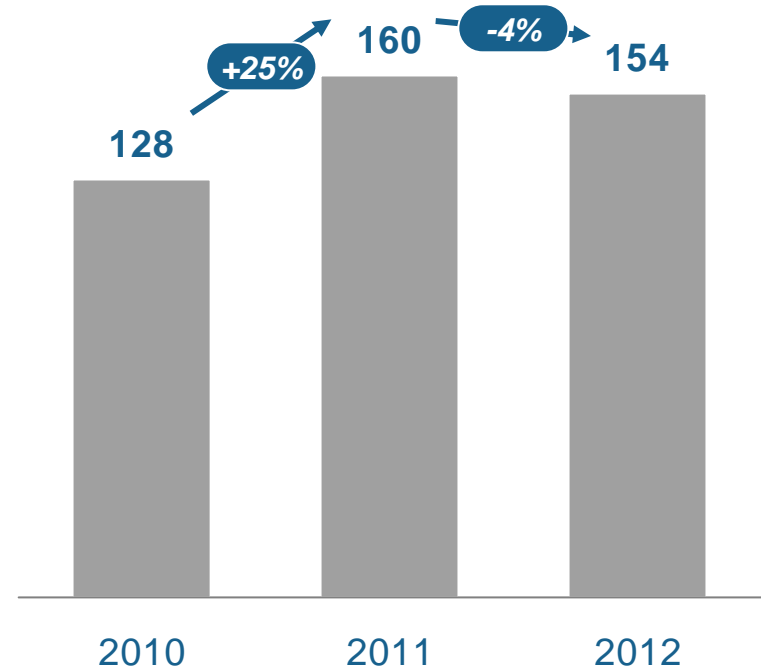
- **Implementation and continuation of strategic projects on track:**
  - commissioning of graphite hub in Malaysia
  - iso-graphite investments in Germany and China
  - backward integration into precursor for carbon fiber through acquisition of Fisipe
  - Planning of possible future graphite electrode production in China
- **Reinstatement of dividend payment**
- **Successful placement of €240 million convertible bond**
- **SGL Group certified as “Germany’s Top Employer 2012”**
- **New corporate headquarters in Wiesbaden, Germany**  
→ **Strengthening our “Corporate Identity”**
- **20<sup>th</sup> anniversary of SGL Group**

in €million

### Sales Revenue

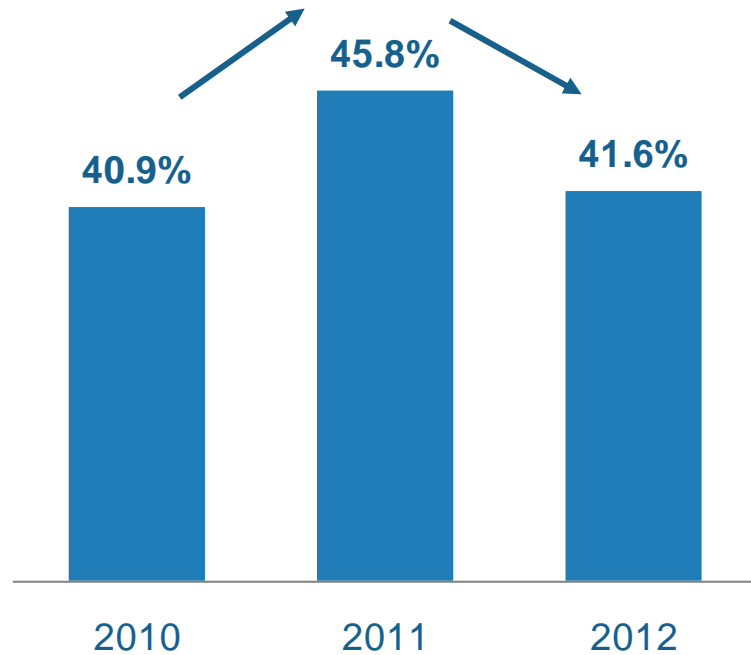


### Comparable EBIT<sup>1)</sup>

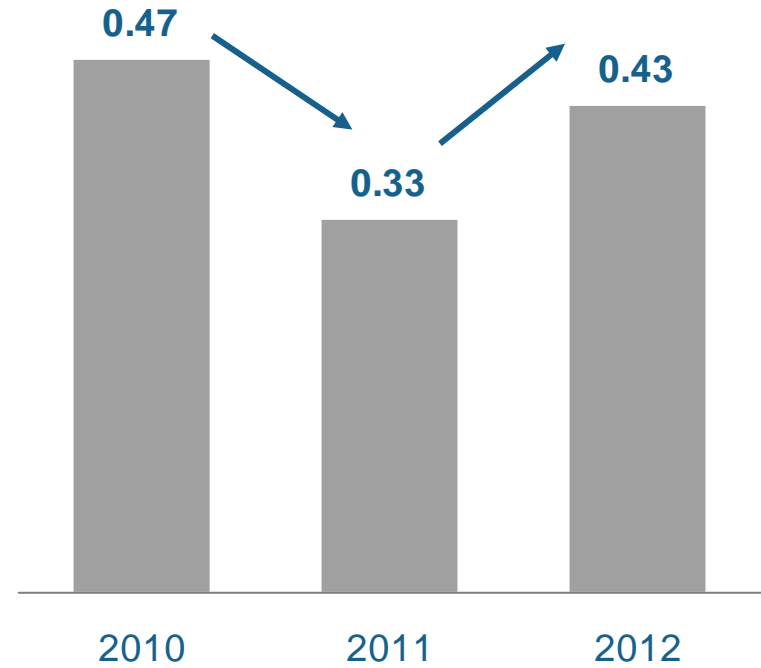


1) EBIT / ROS before project write-offs in 2012 and before impairment losses / reversal of impairment losses in 2011

### Equity Ratio



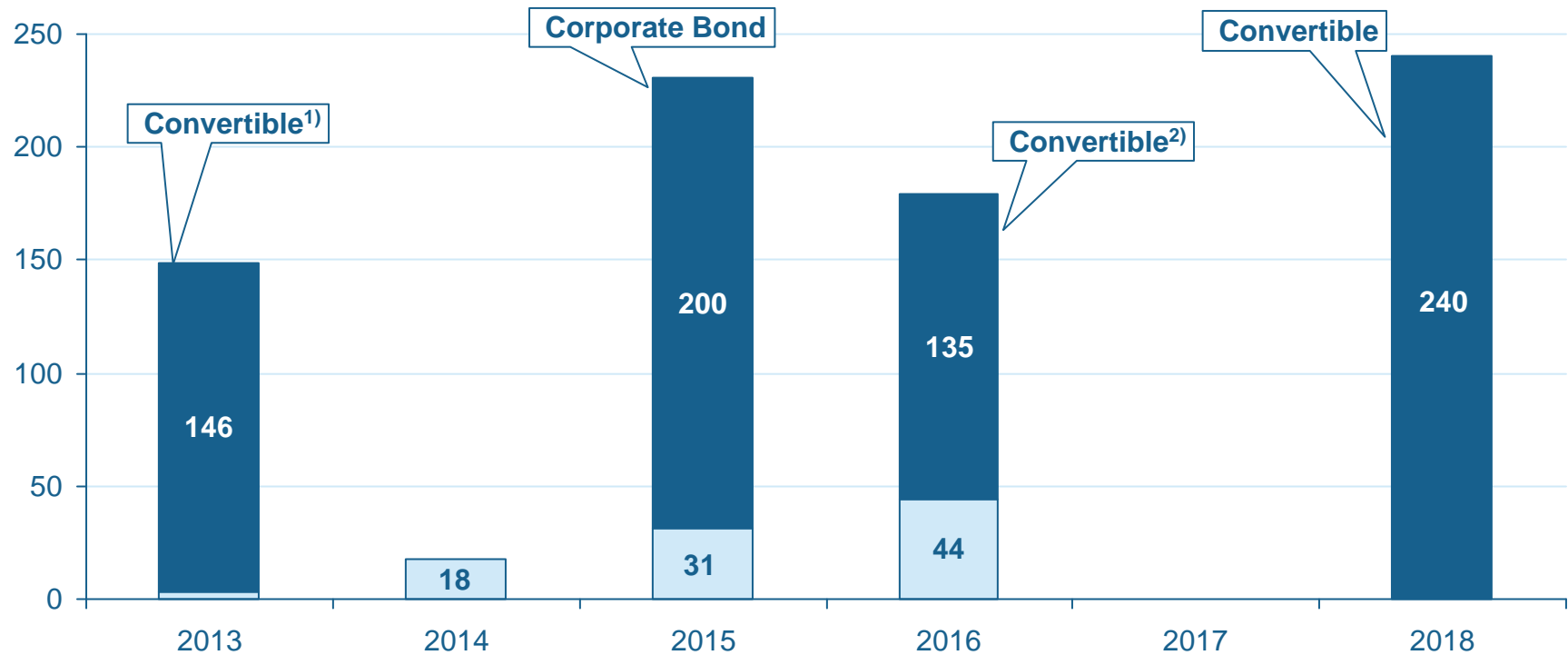
### Gearing





# SGL Group

## Stable financing structure

in € million



 Capital market instruments  
 Bilateral credit lines

1) Repayment from liquidity (May 2013), final conversion day: May 2, 2013

2) Convertible Bond due 2016, Investor-Put Option 2014



# Performance Products

High earnings due to special effect and price increases

## Highlights 2012

Sales (+11% to €941 million) and EBIT (+27% to €182 million)

Positive sales and earnings contribution from final settlement of a long-term supply contract and because of price increase for graphite electrodes

ROS at 19.3% above previous year due to higher graphite electrode selling prices and special effect (2011: 16.9%)

Completion of graphite electrode production in Malaysia, inauguration in September 2012

Pricing pressure on cathodes and, from end 2012, also on electrodes due to temporary overcapacities and difficult economic situation

# Graphite Materials & Systems

Stable earnings pillar despite of cyclical impacts

## Highlights 2012

Record sales: €486 million (2011: €469 million) despite of cyclical downturn in important client industries (solar/LED/semi-conductor)

2nd best EBIT ever: €69 million (2011: €84 million),  
ROS 14.3% (2011: 17.9%)

Topping-out ceremony for new isostatic production in Bonn (Germany)

Ecophit Joint Venture with Lindner

Strong demand for lithium-ion batteries in 3C<sup>1)</sup> segment

PT: large-scale order from China (QSL project: ~€20 million)

Opening of new production site in Pune (India)

1) 3C = Cell phones, Computers, Cameras

# Carbon Fibers & Composites

Strengthened market position in difficult market environment

## Highlights 2012

Sales +26% to €277 million (2011: €220 million); organic +4%

EBIT before special effects<sup>1)</sup> -€39 million (2011: -€17 million)

- Earnings impacted by special effects:
  - Write-offs of long-term PoC receivables for Boeing B-787
  - High negative impacts from project delays in wind industry
  - Postponement of many industrial applications and start-up projects

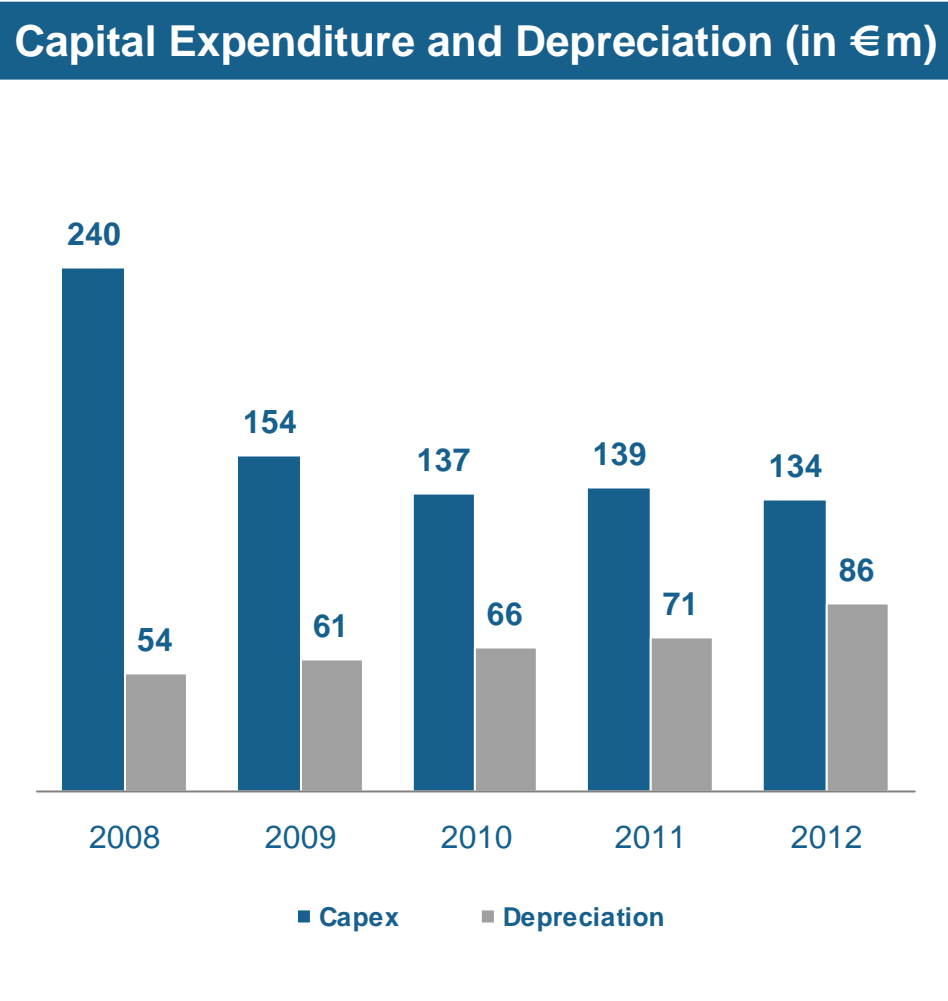
- Successful takeover of Fisipe to secure raw material supply for carbon fibers
- Positive development of at-equity consolidated activities (SGL ACF, Benteler-SGL, Brembo-SGL)
- New production site of Benteler-SGL opened in Ort/Austria

Long-term growth trends following material substitution unchanged

<sup>1)</sup> before project write-offs of €54 million in 2012 and reversal of impairment losses and impairment gains of €5 million in 2011

### Major investments in 2012

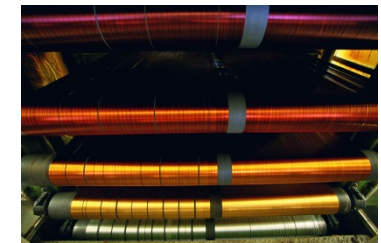
- **PP:**
  - Graphite production facility in Malaysia
- **GMS:**
  - Isostatic graphite capacity expansion in Bonn (Germany)
  - Capacity expansion in USA and China
  - Graphite foil and Sigraflex facility in Meitingen (Germany)
- **CFC:**
  - Automation technologies at HITCO (USA) und SGL Kämpers (Germany)



- Expansion of own supply of raw materials for carbon fiber production (precursor)
- Precursor is the central raw material for carbon fiber production
- Conversion of textile production lines for precursor production
  - 2 parts precursor needed to produce 1 part carbon fiber



Essential for planned growth of carbon fiber composites in the Automotive, Engineering, Wind Energy, Aerospace and Building & Construction sectors



Photos (all): SGL Group

# Top 2: Appropriation of the balance sheet profit

## Unchanged dividend

### Dividend Policy

Reinstatement of dividend payment for 2011 with €0.20 per share

Stable dividend proposal to the AGM for 2012 despite non-cash write-off (Boeing)

- Foundation for sustainable profitable growth established
- Reduced investment requirements in the medium term
- **Free cash flow** (before acquisitions) expected to be **positive** from 2013 onwards

# 1<sup>st</sup> Quarter and outlook 2013

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### Highlights 1<sup>st</sup> quarter 2013: Weak start into 2013

Sales revenue	<b>€414 million</b> (Q1/2012: €382 million)
EBITDA	<b>€34 million</b> (Q1/2012: €53 million)
Net result	<b>-€9.4 million</b> (Q1/2012: €13.8 million)
Equity ratio	<b>41.5%</b> (Dec. 31,2012: 41.7%)
Gearing	<b>0.45</b>
Free Cashflow	<b>-€17.0 million</b> (Q1/2012: -€69.8 million)



### Group

- **Sales on previous year's level** (based on stable currencies)
- **EBITDA approximately 20-25% below 2012 level** (€240)
- **Capex for 2013 declining to €100-110 million** (2012: €134 million), funded from operational cash flow
- **Positive free cash flow** (before acquisitions)

### Uncertainties

- Political, economic, and currency-related uncertainties
- Market risks arising from new capacities temporarily exceeding demand

### Global megatrends: Energy efficiency Resource conservation Materials substitution

#### Steel & Aluminum

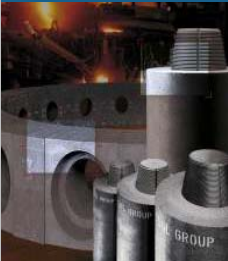


Foto: SGL Group

- Graphite electrodes
- Furnace linings
- Cathodes

#### Chemical



Foto: SGL Group

- High temperature applications
- Environmental technology

**Established business  
in basic industries**

Emerging countries:  
Infrastructure build-up

#### Automotive



#### Solar



Photo: SGL Group

#### e-Mobility



Photo: BMW Group

#### Aircraft



Photo: Boeing

#### Wind



Photo: SGL Group

#### Air Conditioning



Photo: SGL Group

**New business  
in growth markets**

Industrialized markets:  
Fast innovations and technological progress

## Medium-to-long term development

Group sales to increase by >10% per year\*; Profitability on a high level

	Sales revenue targets	Profitability targets
Group	<p>Fully consolidated Group sales to achieve ~€2.5 billion</p> <p>plus approx. €500 million sales from at-equity accounted JVs<sup>2)</sup></p>	<p>Medium-term Group EBITDA-ROS target of 15-17%</p>

- **Positive free cash flow**
- **Gearing target** remains at approx. 0.5

1) organic growth without acquisitions; 2) calculated on 100% ownership

### Flagship projects

BMW i3



First series-production vehicles end of 2013

Boeing 787



Ramp-up expected in 2013

**Thank you very much for your attention!**

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Important note:

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