Annual General Meeting 2016
Our path forward

Wiesbaden
May 18, 2016

Dr. Jürgen Köhler
CEO
2015: Restructuring largely completed. Focus on realignment

- Completion of SGL2015
- Sale of HITCO Aerostructures
- Refinancing of a convertible bond
- Strategic realignment
2015: Positive operational results in all business units. Turnaround CFM, GMS solid, PP burdened by GE

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<tr>
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<tbody>
<tr>
<td>Sales revenue</td>
<td>327.3</td>
<td>296.4</td>
<td>453.5</td>
</tr>
<tr>
<td>EBIT before non-recurring charges</td>
<td>9.3</td>
<td>-22.5</td>
<td>34.1</td>
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*as of January 1, 2016: Composites – Fibers & Materials
2015: Non-recurring effects heavily weigh on earnings. Significant increase of EBIT before non-recurring charges

in € million

Sales revenue | EBIT before non-recurring charges | Restructuring charges | Impairment losses | EBIT | Net financing result | Income tax expense | Discontinued operations | At-Equity / Minorities | Net result
--- | --- | --- | --- | --- | --- | --- | --- | --- | ---
1,323 | -82.0 | -78.9 | -128.3 | -54.3 | -15.1 | -96.1 | -1.2 | -295.0

Graphite electrodes

HITCO

Sales revenue: €1,323 million

EBIT before non-recurring charges: €32.6 million

Restructuring charges: €82.0 million

Impairment losses: €78.9 million

EBIT: €128.3 million

Net financing result: €54.3 million

Income tax expense: €15.1 million

Discontinued operations: €96.1 million

At-Equity / Minorities: €1.2 million

Net result: €295.0 million

SGL GROUP
THE CARBON COMPANY
2015: Changes in balance sheet KPIs.
Sufficient liquidity

<table>
<thead>
<tr>
<th>in € million</th>
<th>December 31, 2015</th>
<th>December 31, 2014</th>
</tr>
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<tbody>
<tr>
<td>Equity ratio (in %)</td>
<td>15.6</td>
<td>26.2</td>
</tr>
<tr>
<td>Total liquidity</td>
<td>250.8</td>
<td>347.5</td>
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<tr>
<td>Net financial debt</td>
<td>534.2</td>
<td>389.9</td>
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<tr>
<td>Gearing (net debt/equity)</td>
<td>1.85</td>
<td>0.69</td>
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2015: “Recurring” free cash flow positive
Operational businesses are earning money

<table>
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<tr>
<th>Continuing operations in € million</th>
<th>2015</th>
<th>2014</th>
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<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>-11.5</td>
<td>17.4</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>-74.9</td>
<td>-121.3</td>
</tr>
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in €m

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<th>Reported free cash flow</th>
<th>-75 million</th>
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<tr>
<td>Unwinding of USD hedges (related to HITCO)</td>
<td>35 million</td>
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<tr>
<td>Tax settlement</td>
<td>35 million</td>
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<tr>
<td>SGL 2015 cash out</td>
<td>13 million</td>
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<tr>
<td>“Recurring” free cash flow</td>
<td>8 million</td>
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### 2016: Outlook

CFM and GMS on track, GE remains under pressure

| **CFM** | with a strong improvement of EBIT before non-recurring charges |
| **GMS** | with an increase of EBIT before non-recurring charges |
| **PP** | with a negative EBIT in the mid-double-digit million range due to pricing pressure in the graphite electrode business |
| **Net result** | improved, yet still in negative territory |

Substantial decrease of **Group EBIT before non-recurring charges**, solely caused by graphite electrode business
2016: The strategic realignment is on track. Focus on growth industries

- Composites – Fibers & Materials (CFM)
- Graphite Materials & Systems (GMS)
- Performance Products (PP)

Growing with markets and customers

Readjusting to new market conditions and reviewing strategic options
2016: Carve-out of PP on schedule.
Additional strategic options

- Graphite-electrodes: 70%
- Cathodes: 30%
- Furnace linings
- Carbon electrodes: 30%
2016: Our path forward.
Growing with the megatrends

Energy supply

Mobility

Digitization
Mobility: Cars have to become lighter. CFM is a specialist for composite materials (CFRP)

Innovation lead in lightweight construction

- Legal regulations concerning CO₂ emissions
- Trend towards alternative drive trains

Source: BMW Group
Mobility: From niche to mass production. Offering CFRP competencies industry-wide.

- Formula 1
- Sports Car
- Small-batch Series
- Serial Production
- Vision 2030

Vehicle Volumes:
- 1981
- 2003
- 2008
- 2016
- 2025

Sources: Red Bull F1, Daimler AG, Toyota AG, BMW Group
Mobility: Material competence for aviation.
High potential for non-structural components

Serial production for the A350

- New generation of industrial carbon fibers
- Used for floor panels, cladding, gear doors
Intensify the use of composite materials.
Establishing the Lightweight and Application Center

Location Meitingen

- CFRP concepts
- Design
- Simulation
- Prototypes
- Small-batch series
Mobility and energy supply.
Increasing demand for lithium-ion-batteries

LIB-market by application [GWh]

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<tr>
<td>Others *)</td>
<td>2</td>
<td>12</td>
<td>23</td>
<td>46</td>
<td>102</td>
<td>157</td>
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<tr>
<td>Automotive</td>
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<tr>
<td>industry</td>
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<td>Consumer</td>
<td></td>
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<tr>
<td>electronics</td>
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Market drivers

E-mobility

Stationary energy storage

Consumer electronics

Source: Avicenne Energy Analysis, 2015
*) Power tools, e-bikes, forklifts, stationary energy supply, etc.
Energy: Anode material for storage systems. GMS is the only supplier in the western world

Anode material for lithium-ion-batteries

- Next generation of anode material
- Increase in storage density
- Cooperation with renowned OEMs
Energy: Solutions for the solar industry.
GMS is globally leading development partner

Isostatic graphite for the production of silicium

- New production and technology center in Bonn
- High dynamics in the market for photovoltaics
In the age of digitization. LEDs and semiconductors drive demand

Specialist for surface coatings

• Strengthening the cooperation with customers in the LED and semiconductor industries
• Further development of surface coatings
2016: Our path forward.

Energy supply
Mobility
Digitization
Thank you!
Important note:

This presentation contains forward looking statements based on the information currently available to us and on our current projections and assumptions. By nature, forward looking statements are associated with known and unknown risks and uncertainties, as a consequence of which actual developments and results can deviate significantly from the assessment published in this presentation. 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 may arise in our opinion include price developments, unexpected developments associated with acquisitions and subsidiaries, and unforeseen risks associated with ongoing cost savings programs. SGL Group assumes no responsibility in this regard and does not intend to adjust or otherwise update these forward looking statements.

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