Annual Press Conference 2016
Strategic realignment on schedule

Frankfurt am Main
March 23, 2016

Dr. Jürgen Köhler (CEO) | Dr. Michael Majerus (CFO)
Agenda.

1. Review of the fiscal year 2015
2. Financials 2015
3. Outlook 2016
4. Strategy
Summary of key figures.
Non-recurring effects heavily weigh on earnings

Sales at €1.32 billion close to prior year level

EBIT before non-recurring effects improves to €32.6 million

- CFM achieves operational turnaround
- GMS contributes positively to Group EBIT
- PP below prior year EBIT level despite improvement in first three quarters

Net result at minus €295 million due to non-recurring effects related to graphite electrodes business (GE) and HITCO

Excluding GE and HITCO related non-recurring effects net loss improved to minus €47 million
Strategic realignment is on track.
We have a clear strategy

- We have **successfully completed** the cost savings program **SGL2015**, which was introduced in 2013
- We have **improved** our **maturity profile** with the refinancing of the convertible bond due 2016
- We have completed the divestment of **HITCO**’s aerostructures business
- We have accelerated the **carve out** of the business unit Performance Products (PP) and the **adaption** of the **business model** for graphite electrodes to commodity markets
- We have developed and initiated **growth initiatives** for the business units **Composites – Fibers & Materials (CFM)** and **Graphite Materials & Systems (GMS)** until 2020 – and implementation is on track

**We have initiated and pursued the strategic realignment of SGL Group in 2015.**
Agenda.

1. Review of the fiscal year 2015

2. Financials 2015

3. Outlook 2016

4. Mid term strategy
Carbon Fibers & Materials.
Positive earnings contribution for the first time

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>327.3</td>
<td>296.4</td>
</tr>
<tr>
<td>EBIT before non-recurring charges*</td>
<td>9.3</td>
<td>-22.5</td>
</tr>
<tr>
<td>EBIT</td>
<td>8.8</td>
<td>-33.0</td>
</tr>
</tbody>
</table>

- **Sales revenue** increased by 10% (currency adjusted by 4%)
  - Higher sales from automotive and wind customers
  - Partially offset by lower sales from textile acrylic fibers, where pricing is based on acrylonitrile oil price development (no EBIT impact)

- **Recurring EBIT** with turnaround
  - Completion of ramp up and efficiency improvements at our joint venture with BMW Group, SGL ACF
  - Higher volumes and thus better capacity utilization in our carbon fiber facilities

* Non-recurring charges of €0.5 million in 2015 and €10.5 million in 2014
Sales and EBIT below 2014 due to big ticket order

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
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<tbody>
<tr>
<td>Sales revenue</td>
<td>453.5</td>
<td>440.4</td>
</tr>
<tr>
<td>EBIT before non-recurring charges*</td>
<td>34.1</td>
<td>40.0</td>
</tr>
<tr>
<td>EBIT</td>
<td>28.9</td>
<td>38.8</td>
</tr>
</tbody>
</table>

- **Sales revenue** up 3% (currency adjusted down 4%)
  - Main reason for currency adjusted sales decline was non-recurring big ticket order from electronics industry in prior year
  - Partially compensated by higher sales from solar, semiconductor and LED industries and in our process technology business
  - Demand for graphite anode materials for lithium ion battery industry continued at healthy level
- **Recurring EBIT** declined 15%
  - Primarily due to lower capacity utilization from non-recurrence of prior year big ticket order
- **SGL2015 savings** €14.1 million

* Non-recurring charges of €5.2 million in 2015 and €1.2 million in 2014
Performance Products.
Impacted by graphite electrodes business

<table>
<thead>
<tr>
<th>in € million</th>
<th>2015</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>533.4</td>
<td>588.2</td>
</tr>
<tr>
<td>EBIT before non-recurring charges*</td>
<td>19.4</td>
<td>26.0</td>
</tr>
<tr>
<td>EBIT</td>
<td>-132.5</td>
<td>5.6</td>
</tr>
</tbody>
</table>

- **Sales revenue** minus 9% (currency adjusted minus 17%)
  - Impacted by volume and price decline in graphite electrodes
  - Only partly offset by improvements in remaining PP businesses with cathodes, furnace linings and carbon electrodes

- However, **EBIT** in the first nine months improved YoY due to savings related to raw materials and SGL2015 – renewed steel market weakness in fourth quarter 2015 dragged full year EBIT down to below prior year level.

- Renewed weakness in steel markets led to **significant non-recurring charges**
  - €73 million restructuring charges of which €63 million relate to recently announced closure of Frankfurt-Griesheim graphite electrode production facility
  - €79 million impairment losses on graphite electrode fixed and other intangible assets

- **SGL2015 savings** €20.2 million

* Non-recurring charges of €151.9 million in 2015 and €20.4 million in 2014
SGL Group.

Improvements overshadowed by non-recurring effects

<table>
<thead>
<tr>
<th>in € million</th>
<th>2015</th>
<th>2014</th>
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</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>1,322.9</td>
<td>1,335.6</td>
</tr>
<tr>
<td>EBIT before non-recurring charges</td>
<td>32.6</td>
<td>2.7</td>
</tr>
<tr>
<td>Non-recurring charges</td>
<td><strong>-160.9</strong></td>
<td><strong>-51.2</strong></td>
</tr>
<tr>
<td>EBIT</td>
<td>-128.3</td>
<td>-48.5</td>
</tr>
<tr>
<td>Results from investments accounted for At-Equity</td>
<td>0.5</td>
<td>-6.4</td>
</tr>
<tr>
<td>Net financing result</td>
<td>-54.3</td>
<td>-49.5</td>
</tr>
<tr>
<td>Results from continuing operations before income taxes</td>
<td>-182,1</td>
<td>-104,4</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td><strong>-96.1</strong></td>
<td><strong>-119.2</strong></td>
</tr>
<tr>
<td>Consolidated net result attributable to the shareholders of the parent company</td>
<td>-295.0</td>
<td>-247.0</td>
</tr>
</tbody>
</table>

- **Recurring EBIT** improved, as forecasted
- Turnaround in result from **investments accounted for At-Equity** mainly due to Brembo SGL
- **Savings from cost savings program SGL2015** sum up to €45 million; overall savings since start in 2013 are up to €202 million at year’s end
- **Net result** includes loss from discontinued operations totalling €96.1 million relating to HITCO
Analysis of non-recurring effects.
Clearly improved net results excluding one-off effects

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</tr>
<tr>
<td><strong>Non-recurring charges</strong></td>
<td>-160.9</td>
<td>-51.2</td>
</tr>
<tr>
<td>- thereof restructuring (€73 million GE related, e.g. closure Frankfurt Griesheim)</td>
<td>-82.0</td>
<td>-40.6</td>
</tr>
<tr>
<td>- thereof impairment (in 2015 related entirely to graphite electrodes)</td>
<td>-78.9</td>
<td>-10.6</td>
</tr>
<tr>
<td>Net result continuing activities</td>
<td>-198.9</td>
<td>-127.8</td>
</tr>
<tr>
<td><strong>Net result discontinued activities (HITCO)</strong></td>
<td>-96.1</td>
<td>-119.2</td>
</tr>
<tr>
<td>- thereof operational losses</td>
<td>-30.6</td>
<td>-36.7</td>
</tr>
<tr>
<td>- thereof impairment and disposal losses</td>
<td>-65.5</td>
<td>-82.5</td>
</tr>
<tr>
<td>Consolidated net result attributable to the shareholders of the parent company</td>
<td>-295.0</td>
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- GE related measures (mainly the closure of the production facility in Frankfurt Griesheim, Germany) and the GE fixed and other intangible asset impairment lead to €152 million of **non-recurring charges** in 2015.

- Therefore, of the total net loss of €295 million in 2015, €248 million alone relate to a business that has been sold, and a business, where we are currently exploring “strategic options”.

- In other words, excluding HITCO and the graphite electrode business, we would have been able to significantly reduce our net loss to €47 million, bringing us a big step forward to positive net results.
Balance sheet.
More than sufficient liquidity despite deteriorated ratios

<table>
<thead>
<tr>
<th></th>
<th>December 31,2015</th>
<th>December 31,2014</th>
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</thead>
<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>
</tr>
<tr>
<td>Net financial debt</td>
<td>534.2</td>
<td>389.9</td>
</tr>
<tr>
<td>Gearing (net debt/equity)</td>
<td>1.85</td>
<td>0.69</td>
</tr>
</tbody>
</table>

- **Equity ratio** declined mainly due to the net loss of €295 million
- Higher **net financial debt** reflects mainly the reduced liquidity
- **Liquidity** at end of 2015 sufficient to more than cover expected operational cash outflow in 2016
- €200 million **syndicated loan** available and undrawn
- Thanks to the successful refinancing of the 2009/2016 **convertible bond** in September 2015, no maturities of any of our financial debt instruments until January 2018
Free cash flow.
Positive excluding non recurring effects

<table>
<thead>
<tr>
<th>Continuing operations in € million*</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<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>
</tbody>
</table>

Reported free cash flow
-75 million
- Unwinding of USD hedges (related to HITCO) 35 million
- Tax settlement 35 million
- SGL 2015 cash out 13 million

“Recurring” free cash flow
8 million

*Payments for capital contributions in investments accounted for At-Equity and other financial assets, proceeds from sale of intangible assets and property, plant and equipment
1. Review of the fiscal year 2015

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Business unit outlook 2016.
Recurring EBIT* improvements in CFM and GMS

Composites – Fibers & Materials (CFM):
- Stable sales and strong EBIT (before non-recurring charges) improvement
- Higher demand from automotive industry to be offset by crude oil based pricing of textile acrylic fibers business (no EBIT impact)
- EBIT improvement based on higher volumes and cost savings

Graphite Materials & Systems (GMS):
- Slight increase in sales and EBIT (before non-recurring charges)
- Sales to grow due to higher demand from solar, semiconductor and LED industry; continued high demand from lithium ion battery industry
- EBIT before non-recurring charges to increase more than proportionately to sales due to anticipated better capacity utilization and cost savings
- ROCE EBITDA should be close to our minimum 15% target again

*before non-recurring charges
Business unit outlook 2016.
PP with sharp declines

Performance Products (PP):

- Substantial decrease in sales and negative EBIT (before non-recurring charges) contribution from graphite electrodes due to continued pricing pressure
- Cathodes, furnace linings and carbon electrode businesses with continued positive performance
- Overall PP sales with low double digit percentage decline and negative EBIT contribution in mid double digit million € amount
Full year 2016 of SGL Group.
Results will be heavily impacted by graphite electrodes

- Full year **Group sales** slightly lower due to substantial decline in GE prices
- **Group recurring EBITDA and EBIT**: substantial decrease solely due to negative EBIT contribution from graphite electrodes
- **Net result** to improve but remaining in negative territory
- **Capex** substantially below prior year level and thus again below the level of depreciation and amortization of approximately €83 million
- **Free cash flow**: expected on prior year level
  - Lower operational result and higher restructuring cash out (closure of graphite electrode production site in Frankfurt-Griesheim announced in February 2016)
  - Compensated by lower cash out for discontinued activities (HITCO)
- **ROCE** to deteriorate in line with EBIT and EBITDA development
Agenda.

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Strategic Repositioning.
Foundation for sustainable profitable growth

- We want to organically grow our sales by more than 50% to above €1.1 billion until 2020 with CFM and GMS.
- Simultaneously, EBITDA will grow more than proportionately to sales with a ROCE of at least 15%.
- Legal separation of PP is the prerequisite to flexibly exploit all strategic options.
- At the same time we are adjusting the graphite electrode business model to commodity markets.
PP: Steel environment continues to be difficult.
Recent stabilization but no near term recovery

- **Chinese steel overcapacities** exported overseas substantially reduced *electric arc steel production* in rest of world
- However Chinese exports seem to be **stabilizing at high year end 2015 levels** recently
- EU, USA and other countries have **introduced import duties** against Chinese steel and are exploring further measures
- Chinese government planning to **shut down** 100-150 million tons of **old steel capacity** in next five years

![Chinese steel exports][1]

Source: Worldsteel.org; SGL Group estimates
PP: Long-term value of the business. Preparation for all strategic options

- Graphite electrodes are **essential** for the production of electric steel (steel scrap recycling)

- GE business of SGL Group is a **global market leader** and is the only producer with a manufacturing footprint on the **three major continents**

- Thanks to this leading market position and the adjusted business model, graphite electrode business of SGL Group will **more than proportionately benefit** from the recovery in electric steel markets

- **The increased steel scrap availability** will lead to significant long-term growth in graphite electrodes

- We will complete the legal separation of PP by mid 2016 – the **prerequisite** to flexibly execute on the **best strategic option**

![Market Position SGL Group in graphite electrodes*](chart1)

*Announcement on 5 August 2015: Reduction of graphite electrode production capacities by 22 kt

![Global Steel production (in million t)**](chart2)

Sources: * SGL Group estimates; ** WSD, IISI, own estimates
PP: Broad product portfolio. Carve out within PP carve out

- Aside from graphite electrodes, PP also produces cathodes, furnace linings and carbon electrodes
  - Cathodes are required in aluminum production. Thanks to its low weight, demand for this lightweight metal is continuously growing for energy efficient applications. With its broad product portfolio, SGL Group can equip every aluminum smelter in the world
  - Furnace linings are used in blast furnaces for primary steel production and is a solid and profitable business
  - Carbon electrodes are used in melting processes of other metallurgical applications (silicon metal, phosphorous). This business also delivers positive returns
  - To maximize our options for these profitable businesses, we have carved these out into a legally separate company within PP
PP: Status of the carve out and the strategic options.
We are well within our accelerated schedule

- Last autumn we announced that we want to **accelerate the PP carve out** and thus complete it by mid-2016
- Today, we already have the **legal and organizational concepts** for the new structure of PP
- The agreement on the **reconciliation of interests** ("Interessenausgleich") was settled on March 10, 2016. This is a mandatory requirement for the transfer of employees to the new legal entity
- In the next weeks, approximately **1,900 employees globally** will be transferred into the new PP legal entity
- **The closure of Frankfurt-Griesheim** site and the adaptation of the business model will yield nearly **€30 million savings per annum from 2018** onwards – of which approximately half will already be effective from 2016 on
- We have set up a project group to analyze **potential strategic options**
  - We have mandated two investment banks, one legal advisor and an auditor to support the process
  - First discussions with both strategic and financial interested parties have taken place
Growth strategy of SGL Group.
Build on competences of CFM and GMS

- We want to organically grow our sales by more than 50% to above €1.1 billion until 2020 with CFM and GMS.
- Simultaneously, EBITDA will grow more than proportionately to sales with a ROCE of at least 15%.

- Legal separation of PP is the prerequisite to flexibly exploit all strategic options.
- At the same time we are adjusting the graphite electrode business model to commodity markets.
CFM: Composite Specialist.
Solutions for future material mixes

- CFM is an innovation leader for composites and possesses comprehensive competence for fibers, materials and applications.
- CFM’s materials are stronger and lighter. They save energy where mass is in motion. As a lightweight specialist, CFM benefits from the megatrend mobility and CO₂ reduction.
- CFM of SGL Group is the only European company that covers the entire carbon fiber value chain. This allows us to control quality and costs.
CFM: Strong position in the automotive industry.
Industry wide transfer of existing know how

- Automobile manufacturers have to design **lighter cars**, driven by **global regulations** limiting CO₂ emissions and the resulting trend towards alternative drive trains
  - In Europe, car manufacturers are required to reduce the average CO₂ emissions of their car fleet to below 75g/km until 2025 – this can only be done with lightweight construction
  - The high weight of hydrogen tanks or lithium ion batteries can be offset with lighter materials. This increases the reach of such vehicles
- CFM has an **innovation lead of several years** in lightweight technologies. Our competences, which until now were exclusively dedicated to BMW Group, can now be offered to the entire industry

**Examples:**
- **Composites in large-scale automotive production:** new BMW 7 series
- **Investment into the Lightweight and Applications Center in Meitingen (Germany),** e.g. for the simulation and production of prototypes and small scale series
- **Strengthen sales team** and initiate new projects with non-German car makers
CFM: Expansion into other industries. 
Exploit material competence in aviation sector

- CFM will transfer its lightweight competence from the automotive industry increasingly into the **aviation sector** with a new generation of industrial carbon fibers
  - Our high tow carbon fibers provide better performance at the same high quality standard – at lower production costs
  - The surface of our carbon fibers bonds exceptionally well with other composite materials. They are easily employable where individual components need to be reinforced
- These materials show particular potential for **secondary structures** such as floor panels, skins, and landing gear doors

**Examples:**
- **Dedicated development and marketing activities** for the aviation industry, particularly for commercial aircrafts
- **Serial delivery** to Airbus for its A350 model
GMS: Development partner for our customers.
Graphite based solutions

- GMS is the development partner – “enabler” – of our customers for graphite based advanced technological solutions
- Offering products and solutions to more than 35 industries, the business unit is grounded on a broad base. GMS has leading market positions in many areas, providing stability
- GMS benefits from the megatrend energy supply and digitalization. GMS will continue to widen its technological portfolio and capture new regions
GMS: Energy supply as growth driver. Reinforcement of leading position

- Our graphite solutions are used in energy applications. We participate in the rising usage of new battery generations
  - Our graphite anode materials are employed in lithium-ion-batteries, among others for electric cars. The market for alternative drive trains will grow strongly over the next years
- GMS is a globally leading development partner for the solar and photovoltaic industry
  - Our isostatic graphite is required in the value chain of the photovoltaic industry. Dynamic growth continues to be expected for this industry – approximately 12% for 2016*

Examples:
- Development of next generation synthetic graphite anode materials - higher storage capacity to increase range of electric cars
- Exploiting the expanded isostatic graphite production center in Bonn completed in 2014

*Source: IHS
GMS: Digitization and graphite.
LED and semiconductor industry drive demand

- GMS specializes in **surface coating technologies**. These are required in equipment for manufacturing polysilicon, LEDs, and semiconductors
  - Polysilicon demand for the semiconductor industry is expected to grow 11% per annum until 2017*
  - Industry service provider „LED Insight“ expects annual growth of 10% for the LED industry due to the strong demand for lighting applications
- Due to increasing requirements regarding size, quality, and supplier reliability, GMS is a dependabe supplier of key components for new generation polysilicon production equipment

Examples:
- Strengthening regional and application competences
- Expanding **coating technologies and capacities**
- **Close cooperation** with our customers in the further development of purified surface coatings for the LED and the semiconductor industries

*Sources: IHS, World Semiconductor Trade Statistics
Growth strategy of SGL Group is on track.
2016: Focusing on implementation of strategy

- With the **PP carve out** we are creating the prerequisite for strategic options and a sustainable future for SGL Group and the business unit
- The **carve out of the profitable business** with cathodes, furnace linings, and carbon electrodes in a separate legal entity within PP creates **additional options**
- With our **focus on CFM and GMS**, our portfolio is better balanced between markets and industries, thus reducing the volatility in our business
- We command the technologies and innovations to benefit from the **global megatrends mobility, energy, and digitalization**
- SGL Group fulfills all requirement to achieve the targets for 2020: committed **employees**, strong **market positions** and leading **technologies**
Thank you for your attention!
# Financial calendar 2016.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>March 23, 2016</td>
<td>Year-end press conference, publication of annual financial statement</td>
</tr>
<tr>
<td>May 12, 2016</td>
<td>Report on the first quarter 2016</td>
</tr>
<tr>
<td>May 18, 2016</td>
<td>Annual General Meeting in Wiesbaden</td>
</tr>
<tr>
<td>August 11, 2016</td>
<td>Report on the first half year 2016</td>
</tr>
<tr>
<td>November 10, 2016</td>
<td>Report on the first nine months 2016</td>
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</tbody>
</table>
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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