Broad Base. Best Solutions.

SGL GROUP
THE CARBON COMPANY

Berenberg and Goldman Sachs Fourth German Corporate Conference

Munich, Germany

Dr. Jürgen Köhler, CEO

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Introduction to SGL Group's Businesses

SGL Group in 2015. Organization streamlined to three from five business units

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Performance Products (PP)	Graphite Materials & Systems (GMS)	Carbon Fibers & Materials (CFM)
Graphite electrodes Carbon electrodes Cathodes Furnace linings	Graphite specialties Process technology	Carbon fibers Composite materials 51% SGL ACF

Additional Key JVs

- Brembo SGL
- Benteler SGL

JV Partners

Corporate Functions & Service Centers

Technology & Innovation (T&I)

SGL Excellence (SGL X)

Global presence.

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11 production sites North America	23 production sites Europe	8 production sites Asia

★ Business Unit Aerostructures reclassified to discontinued operations as of June 30, 2014

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Reporting Segment Performance Products

Reporting Segment: Performance Products (PP).

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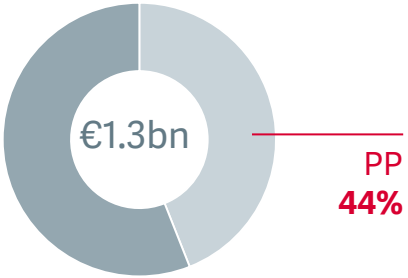
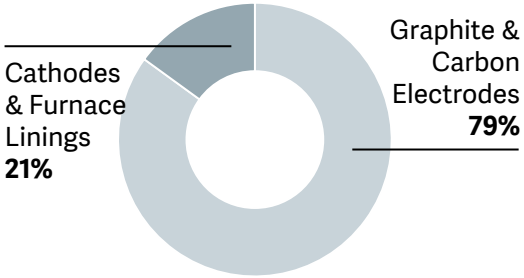
Product groups

- Graphite Electrodes (GE)
- Cathodes
- Carbon Electrodes
- Furnace Linings

2014 Group sales



PP sales - 2014



Key industries served

- Steel
- Aluminum
- Ferrous and non-ferrous metals

Characteristics

- Supplying the metal industries
- Leading competitive position
- Historically solid ROS & ROCE
- Historically strong cash flow

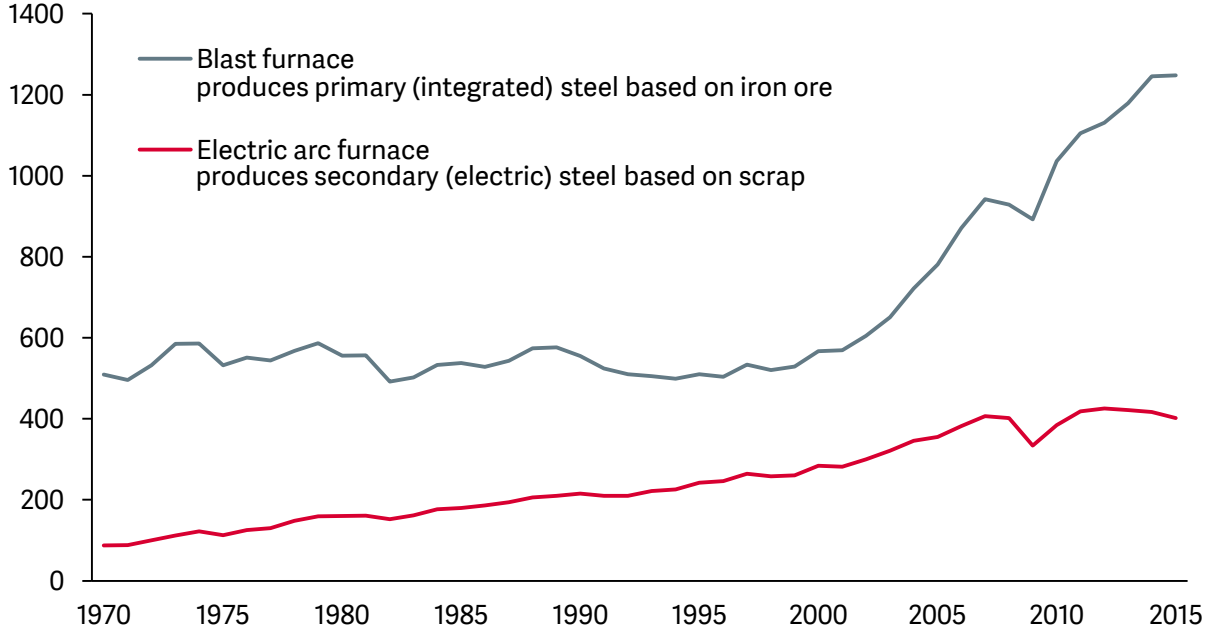
Strategic priorities

- Align infrastructure with market development (swing capacities)
- Reduce unit costs by increasing production and shipments at Malaysian plant
- Increase customer value with product quality and consistency

Graphite Electrodes.
Steel production in EAFs

- **Growth in steel production** 2000ff fuelled by infrastructure demand from emerging countries
- Recently, **Chinese steel exports** limits EAF growth in most regions, **iron ore price decline** lowered production cost of blast furnace steel
- Significantly higher steel consumption 2000ff will lead to **higher scrap availability** and lower price, favoring again EAF steel production
- **GE critical to EAF furnace efficiency** but only ~3% of steel-making conversion cost

Worldwide steel production [in million t p.a.]



Source: WSD, IISI, own estimate

Graphite Electrodes.
Essential consumable for electric steel production

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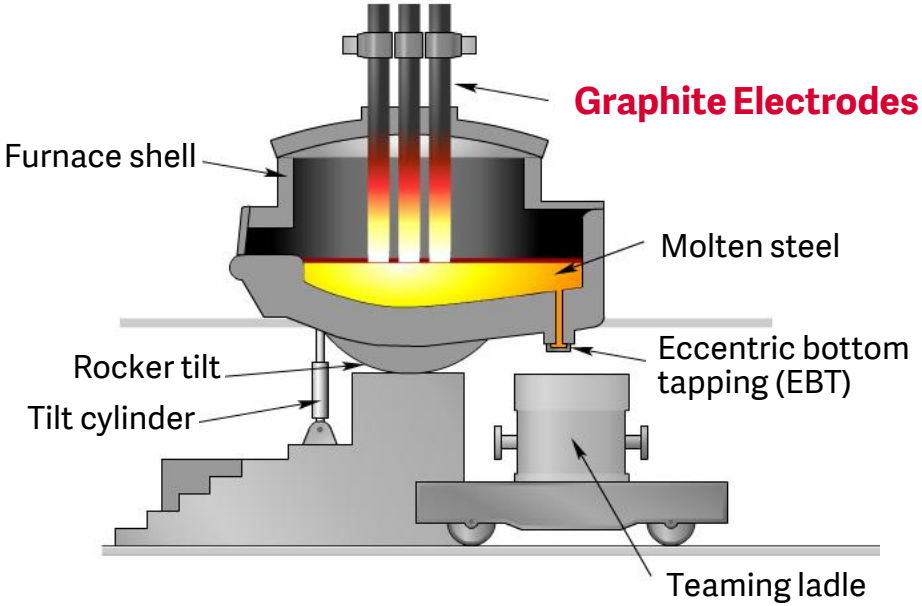
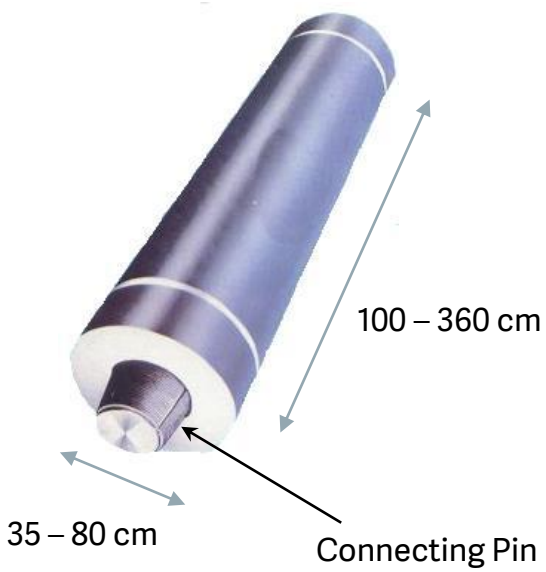
Steelmaking in an electric arc furnace (EAF)

Section view through EAF



Graphite electrode

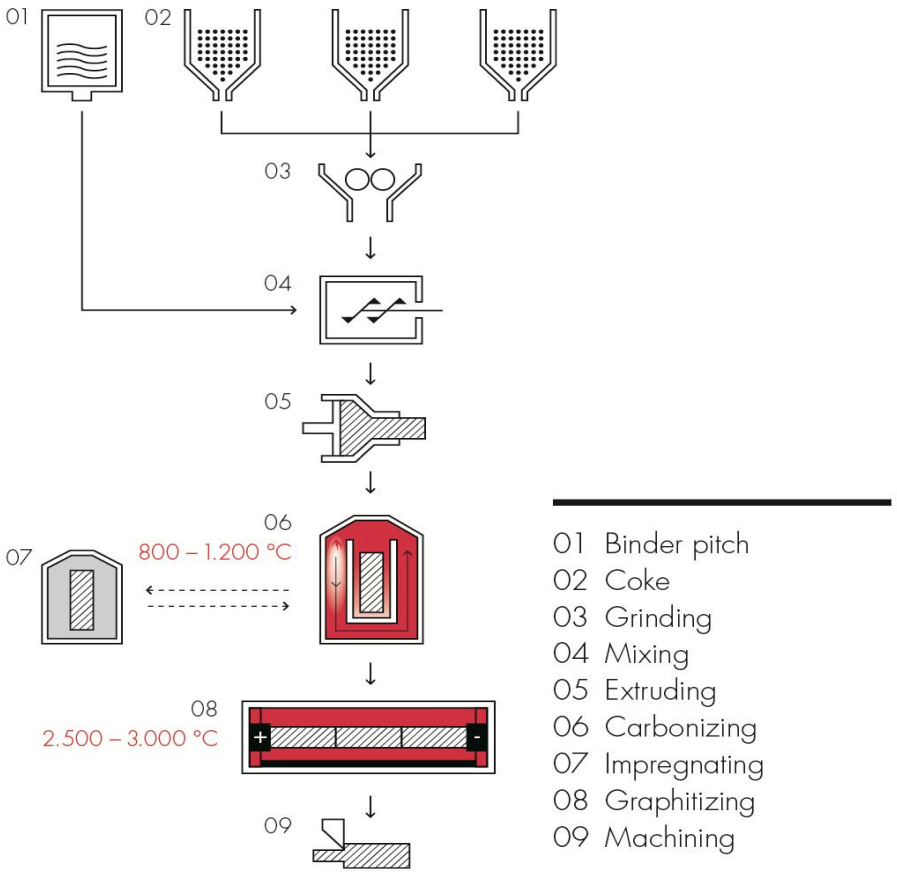
Consumed after 5-8 hours



Source: steeluniversity.org

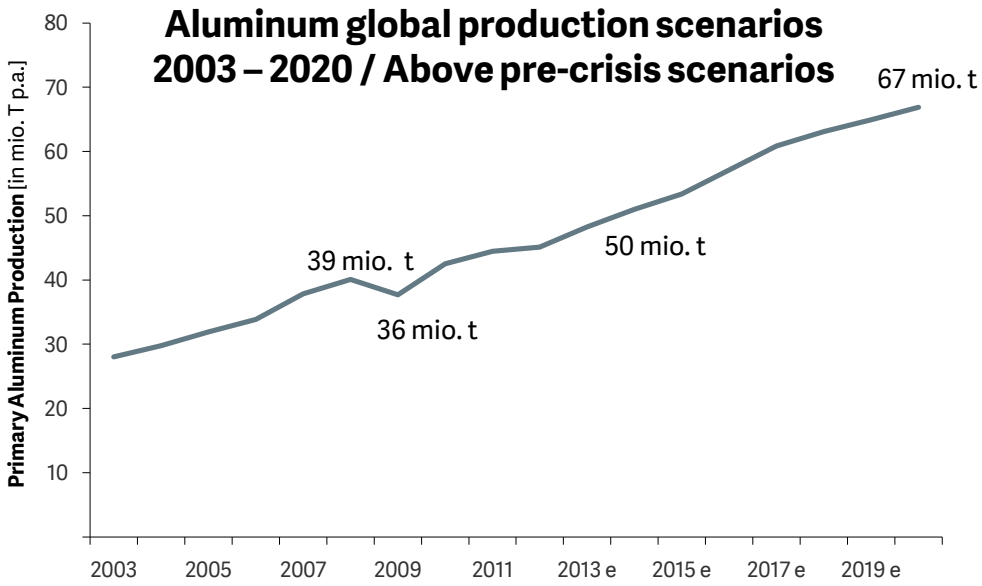
Graphite Electrodes.
Production process

- Production process takes up to 3 months
- Needle coke (key raw material) requirements sourced on basis of multiyear contracts



Cathodes.
Participates in aluminum industry growth

- **Aluminum demand** driven by:
  - Population growth and urbanization
  - Further industrialization of emerging countries
  - Weight/strength/cost advantages
- **Cathodes essential** to aluminum smelters
  - Existing smelters relining
  - New smelter construction leading first to project demand and long-term to higher relining demand
  - Comprehensive product portfolio to cope with all technology trends in the AL industry



- Solid fundamentals for **aluminum production growth**
- **Various new projects** under construction, additional feasibility studies for capacity increases underway

Source: IAI, Habor, SGL Group's own estimates, Hydro; Alcoa, CRU

Cathodes.
Investment good for the aluminum industry

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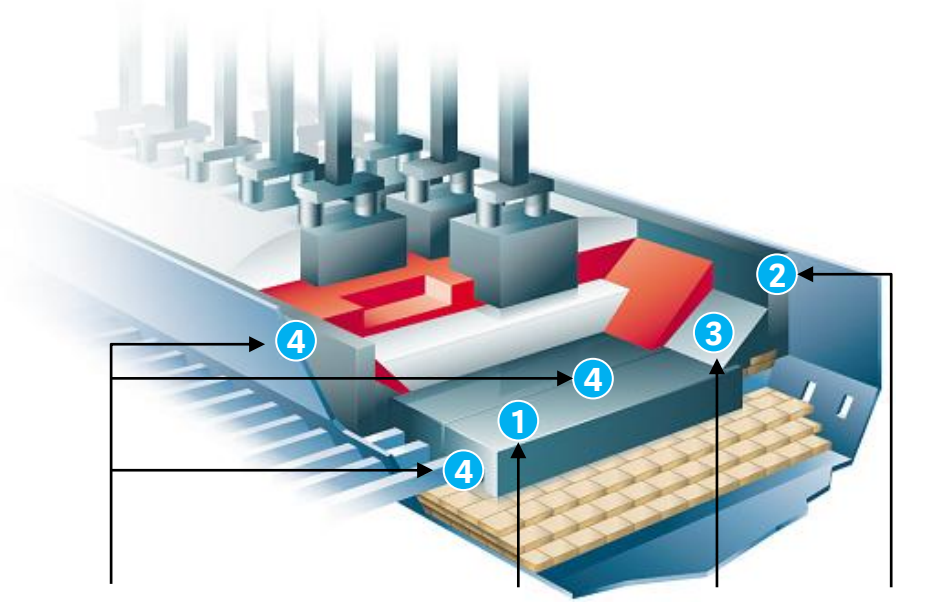
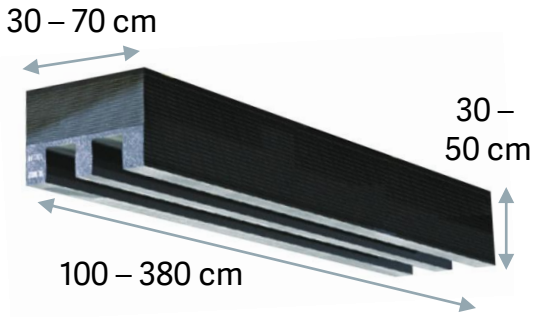
Aluminum smelter



Cathodes

Investment good (lifetime 5-7 years)



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Reporting Segment Graphite Specialties

Reporting Segment: Graphite Specialties (GS).

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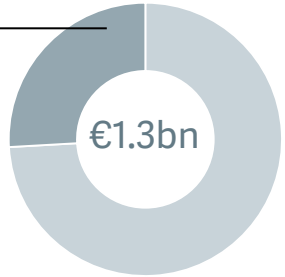
Product groups

- Anode materials
- Isostatic
- Fiber Materials
- Extruded
- Die molded
- Expanded
- Process Technology (as of 2015)

2014 Group sales



Key industries served

- Energy – Solar / Battery
- Semiconductor / LED
- High-temperature processes
- Metallurgy
- Tool manufacturing
- Automotive

Characteristics

- Higher value-added products (machining, coating)
- Specialized, partially tailor-made, products for differentiated customers
- Innovation driven business
- Engineered products for customers from > 35 industries – some with high growth potential

Strategic priorities

- Focus on forward integration
- Combine material-Know-how and engineering competence
- Advanced material, equipment, and process solutions in close cooperation with customers

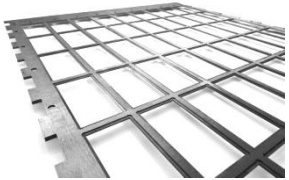
Graphite Specialties.

Best solutions for our customers ...

... in the PV, Semiconductor, and LED Industry

Meander heater for CZ units

SiC coated wafer carrier for LED chip production

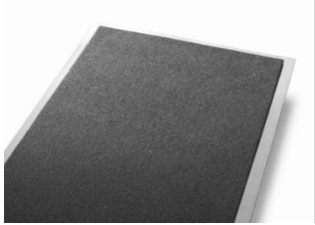


C/C carrier frame for solar wafers

... in the Battery and Energy Storage Industry

Anode material for lithium-ion batteries

Redox flow battery electrode consisting of battery felt and bipolar plate



... in the Chemical and Automotive Industry

Flexible graphite foil

Reinforced graphite sealing sheet

Rotor and vanes for break assistant pumps

Graphite Specialties.
Enabling innovation

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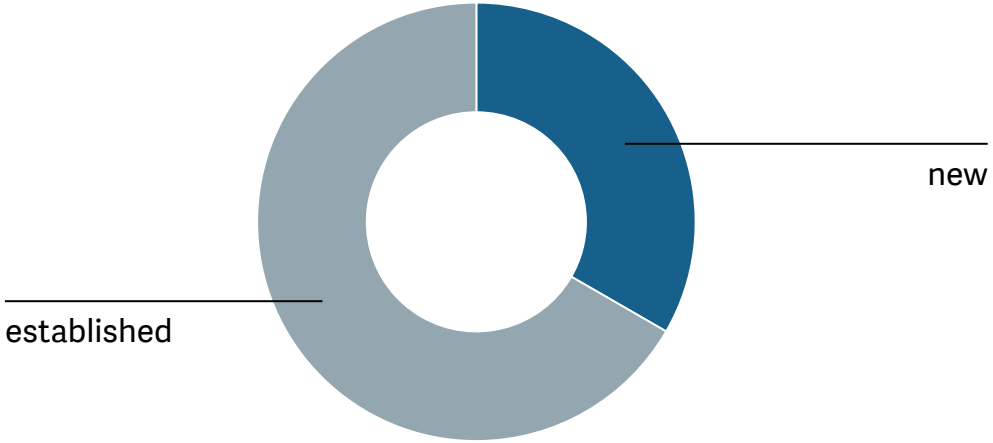
Examples:

- Graphite anode material for Lithium-Ion batteries
- Graphite foils and felts for stationary energy storage
- 3D filament wound susceptors for semiconductor industry
- Extra large carriers for photovoltaic
- Advanced silicon carbide coated carriers for LED
- CFRC charging carriers for high-temperature applications

Target approx. 1/3 of sales based on new products introduced over the last 4 years



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Reporting Segment Carbon Fibers & Materials

Reporting Segment: Carbon Fibers & Materials (CFM).

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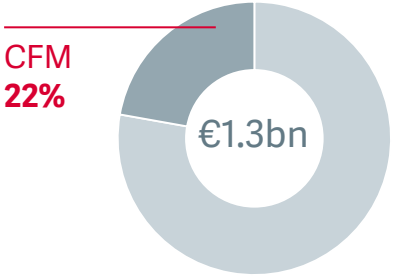
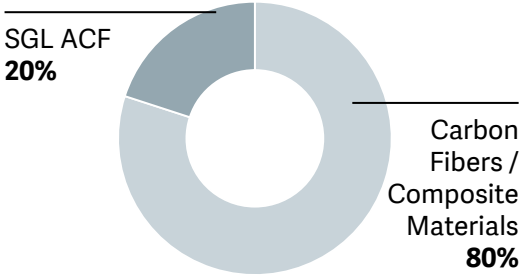
Product groups*

- Carbon Fibers
- Composite Materials
- 51% SGL ACF (JVs with BMW)

2014 Group sales



CFM sales – 2014



Key industries served

- Automotive
- Energy
- Industrial
- Recreation
- Medical Technology
- Pressure Vessels

Characteristics

- New applications in automotive, energy, industrial
- High earnings improvement potential
- Complete value chain in house
- The only EU based carbon fiber company

Strategic priorities

- Develop innovative customer solutions along the value chain
- Optimize carbon fiber and composite capabilities along the value chain
- Convert Fisipe acrylic fiber lines into PAN precursor production

* Former Business Unit Aerostructures reclassified to discontinued operations as of June 30, 2014

SGL Group only integrated European carbon fiber producer.

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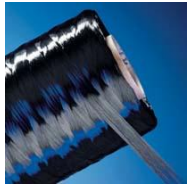
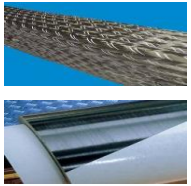
Carbon Fibers & Composite Materials

Raw Material



Carbon Fiber



Composite Materials

PAN Precursor

- **Fisipe**
- **MSP**: JV with Mitsubishi Rayon (33%)

Carbon Fiber

- **Prod. Capacity**
  ~ 4kt in UK
  ~ 2kt in USA
- **SGL ACF**: JV with BMW (51%)
  - up to 9kt in USA

Prepreg Preform

- **SGL epo**
- **SGL Kümpers** (51%)
- **SGL ACF**: JV with BMW (51%)

Composite Components

Refocused on materials & automotive / other industrial components*

Automotive & other industrial

- **Benteler SGL** (50%)
- **Brembo SGL Carbon Ceramic Brakes** (50%)

* Former Business Unit Rotor Blades sold as of December 31, 2013 and former Business Unit Aerostructures reclassified to discontinued operations as of June 30, 2014

Example EU. CO2 reduction targets can only be achieved with lightweight construction

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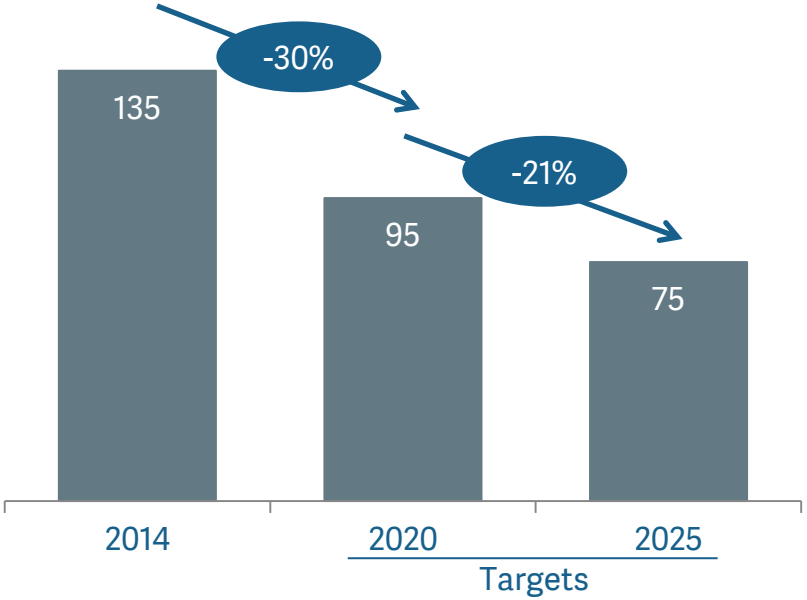
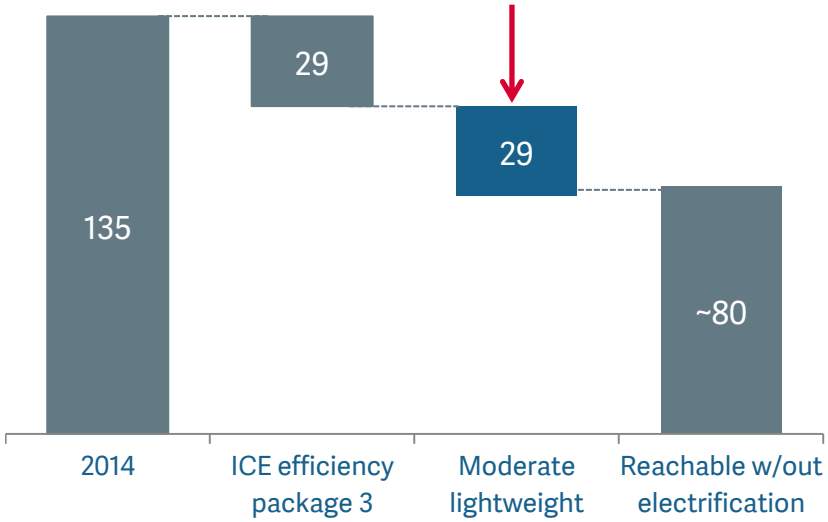
OEM fleet target development (EU)
in g CO_2/kg



Only achievable with lightweight



Carbon in Automotive. Lightweight materials offer significant weight advantages – especially CFRP

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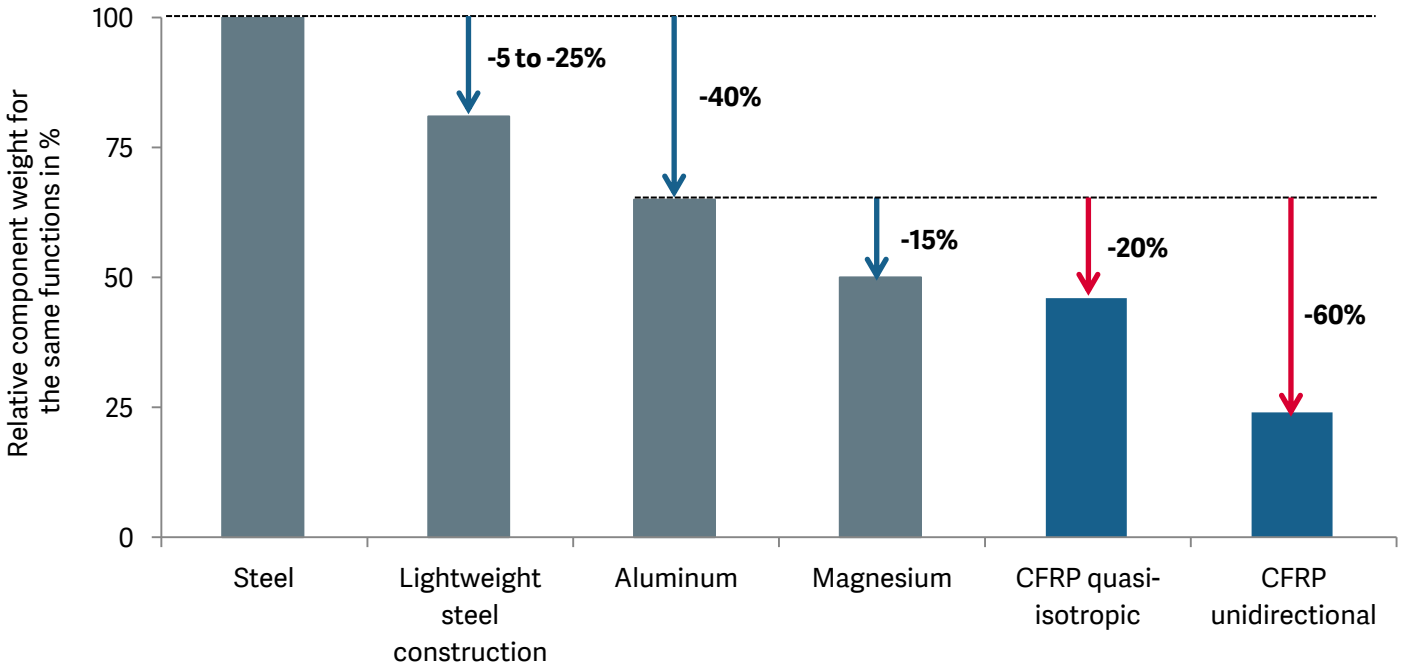

Source: N/EK-L; EKP

SGL ACF. Milestone in serial application of carbon fibers in automotive industry

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Source: BMW Group

- Market launch of BMW i3 in November 2013, the first serially produced car with a **CFRP passenger cell**; market launch of BMW i8 in May 2014
- **Global value chain**:
  - carbon fibers produced in Moses Lake (USA) and
  - converted into composite materials (fabrics) in Wackersdorf (Germany).
  - fabrics are sold to BMW who manufactures carbon based automotive parts for the BMW i3 and i8.
- **New BMW 7 series** (2015): first large scale application of innovative carbon fiber materials in premium car segment
- October 2009: €90 million combined investment volume for initial capacity of 3kt carbon fiber and corresponding fabric capacity; May 2014: further combined investment of approx. €145 million to expand carbon fiber capacities up to 9kt
- BMW guarantees certain minimum purchasing volumes at contractually agreed conditions and provides debt financing

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SGL2015
SGL Excellence
Business Process Excellence

SGL2015 cost savings program. Target savings increased twice to €240 million

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Organizational Restructuring

Simplify processes and streamline management structures

- Review all workstreams and identify redundancies
- Adjust organizations and Corporate and Service Functions
- Reduce personnel costs and indirect spend

Asset Restructuring

Adjust asset base to changes in market demand

- Optimize global production network, relocate production
- Improve capacity utilization
- Reduce fix costs
- Use synergies between the Business Units
- Consolidate sites

Portfolio Restructuring

Carbon fiber business: focus on materials competence

- Analyze our business portfolio
- Concentrate portfolio on core activities
- Investigate options for businesses

Already €183 million savings achieved by mid 2015 – remainder to follow by mid 2016

Challenge. Levers to improve ROCE

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$$\text{ROCE} = \frac{\text{EBIT(DA)}}{\text{Capital Employed}}$$

Levers to improve ROCE

Improve EBIT(DA):

- Increase price
- Increase sales volume
- Reduce costs (raw materials, indirect spend, …)

NEW ! Commercial process optimization

ONGOING: SGL Excellence, SGL2015

Reduce Working Capital (short term):

- Inventory: minimize inventory level
- Receivables: improve customer payment terms
- Payables: longer payment terms with suppliers

NEW ! Working capital process optimization

Reduce Asset Base (mid term):

- Limit investments: use existing assets, outsourcing

ONGOING: SGL2015 Asset and portfolio optimization

SGL Excellence.
Drives efficiency and customer focus

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SGL X is more than savings:

- started in 2002
- ongoing and company wide program
- integral part of our culture
- continuously questioning the status quo
- strives for sustainable improvements
- provides the right mind and tool set
- important cornerstone in the development of our people
- empowers our employees with skills and tools:
  - > 190 trained Black Belts
  - > 200 trained Champions
  - > 900 trained Green Belts
  - majority of employees SIX SIGMA trained

Innovation Excellence
New ideas and solutions for profitable growth

Operational Excellence
Continuous improvement of our manufacturing, administrative and supply chain processes

Commercial Excellence
Sustainable partnerships with our customers to secure our future

People Excellence
Well educated employees as foundation of our success

New: Business Process Excellence
Streamline and standardize processes

Business Process Excellence (BPX).
New Group wide program introduced

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- Target is to **streamline** and **standardize** cross-BU processes
- Utilization of **standardized IT solutions** (SAP)
- Initial focus on **procurement, supply chain** and **sales processes**
  - **Procurement –** ongoing procurement optimization project launched under SGL2015. T*arget: reduce procurement costs and improve profitability*
  - **Supply chain –** improve alignment between all stages of the supply chain, from sales to procurement to production, etc. *Target: improve supply chain process to further reduce net working capital*
  - **Sales organization –** implementation of uniform CRM system, development of new group wide standards and best practices for optimized customer and market approach. *Target: generate additional, profitable sales, optimize pricing*
- External consultant appointed for "outside-in" view and for project set up phase
- Recently implemented: **more stringent investment process**

SGL Excellence savings. Since 2002 continuous cost reduction of €335 million in total

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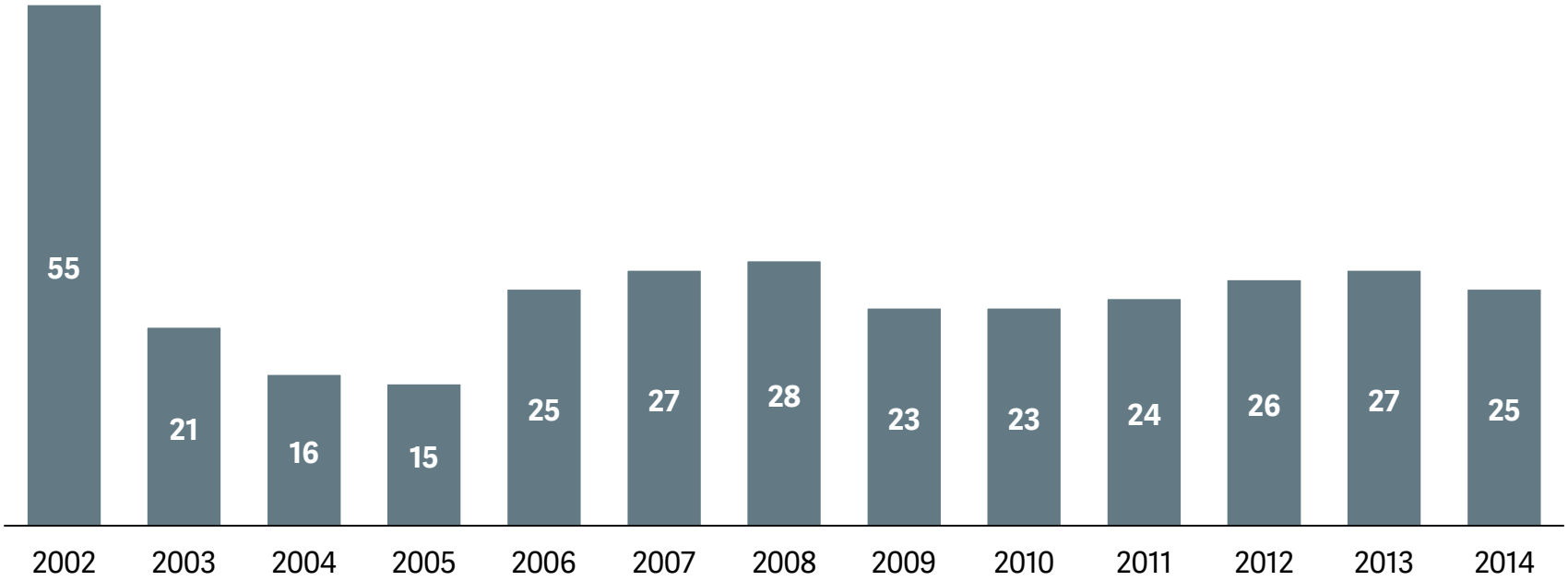
Annual Net Savings (€m)



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Strategic Realignment

September 2014. Transformation of SGL Group guided by clearly defined targets

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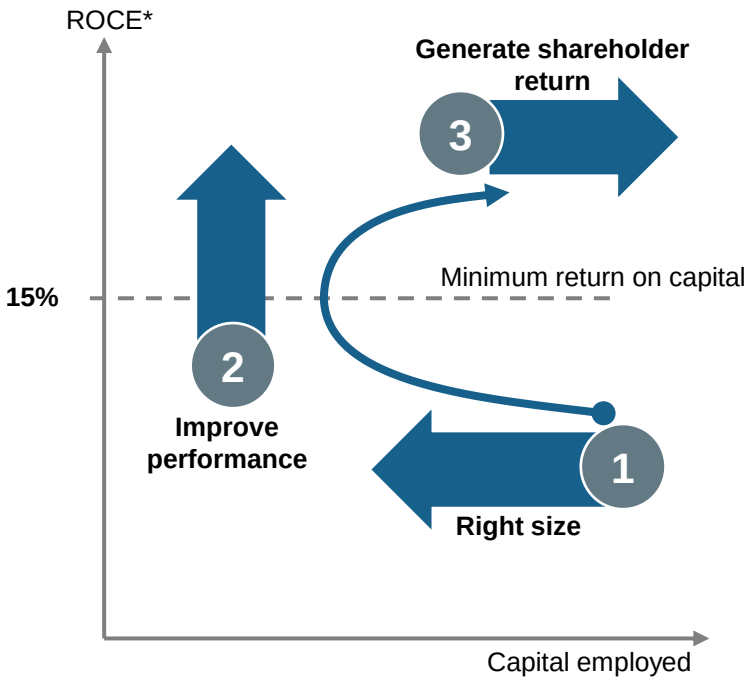
Create flexibility for restructuring and repositioning with capital increase and required disposal (HITCO, etc.)	Stop loss makers and cash drainers by restructuring or disposing	Capex for selective growth opportunities subject to minimum hurdle rates	Return on capital is key management principle for strategic realignment and future investment
Gearing ~ 0.5 **Equity ratio > 30%**	**Net debt/EBITDA < 2.5** **Positive net result**	**Positive free cash flow***	**ROCE ≥ 15%****

* Excluding disposal proceeds
** ROCE defined as EBITDA/Capital employed

September 2014. Transformation process defined with cornerstones of strategic realignment



1) **Right size**
   SGL2015 asset and portfolio restructuring

2) **Improve performance**
   SGL2015 organizational restructuring
   SGL Excellence savings
   BU streamlining
   Process Excellence initiatives

3) **Generate shareholder return**
   Define selective growth areas

*EBITDA divided by capital employed

Analysis of business model of GMS and CFM. Many similarities

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GMS/CFM
▪ Meaningful exposure to **end markets growing above GDP** driven by global mega trends ▪ High share of **customer-specific products**, **tailored applications** and solutions ▪ **High potential for innovation** since products typically serve as key enablers of innovation in target industries and/or provide vital products for their customers' value chains ▪ In depth knowledge and control of the **complete graphite and carbon value chain** provides opportunity for **product customization** ▪ **Specific application requirements** allow to leverage knowledge and technology as competitive advantage ▪ Continued **process and cost optimization** as well as **R&D investments** necessary

Analysis of business model of PP(GE). Market requirements increasingly differ from GMS and CFM

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PP(GE)
▪ **Global steel markets in structural oversupply**, thus EAF steel development cannot be expected to drive GE demand in near and mid term despite reasonable long term perspectives from increasing scrap availability in China ▪ Therefore **supply-demand imbalance** remains, industry becoming increasingly **commoditized** with customers focusing predominantly on price ▪ Consequently, GE in particular and PP in general have to be managed in a different way than before and also different to GMS/CFM ▪ Optimization efforts will have to continue to **lower costs, improve processes** and thus further increase competitiveness ▪ Continued overcapacities and low profitability will trigger the **need for industry consolidation**, in which we want to participate

July 2015: Path forward for SGL Group. Dedicated business models for different market requirements

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Accelerate growth mode by adapting processes and launching growth initiatives

Implement commodity business model and prepare for strategic options with carve-out

Graphite Materials & Systems (GMS)

Graphite specialties
Process technology

Carbon Fibers & Materials (CFM)

Carbon fibers
Composite materials
51% SGL ACF

Performance Products (PP)

Graphite electrodes
Carbon electrodes
Cathodes
Furnace linings

Performance Products. Key strengths and long-term growth opportunities

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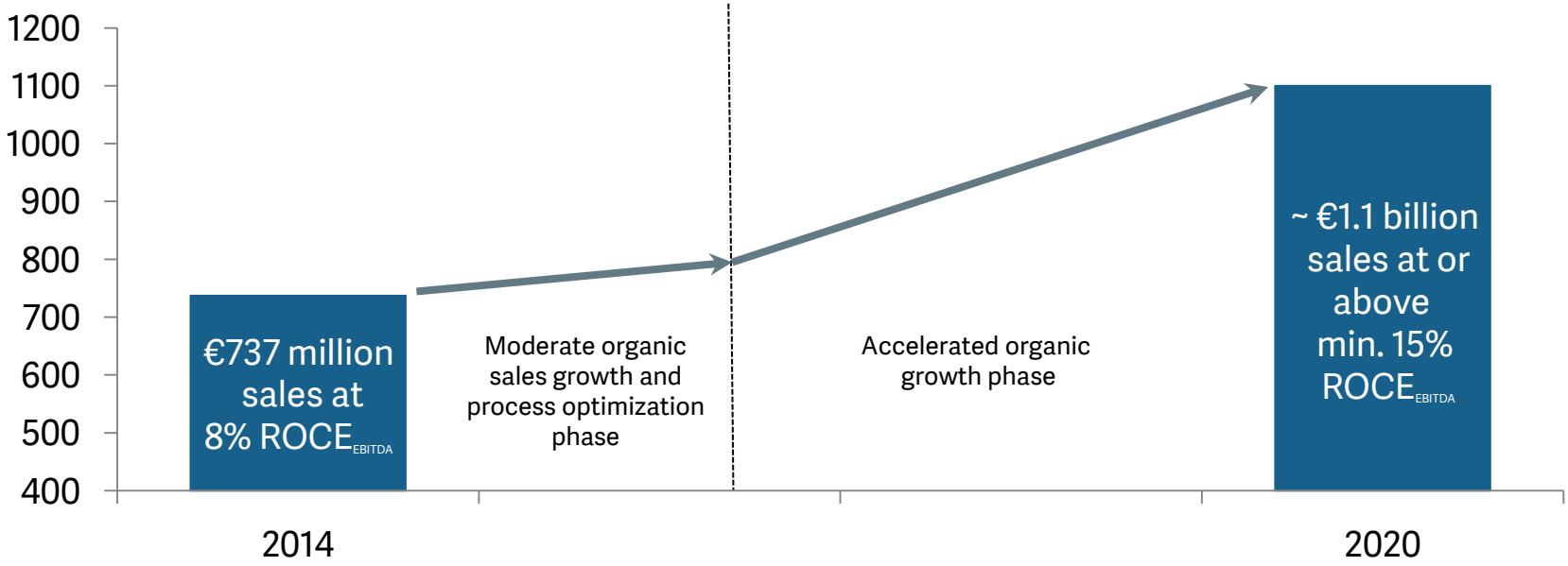
Key Strengths	Growth opportunities
▪ Only graphite electrode producer with production footprint in all three major regions (NA/EU/Asia) ▪ Modern, efficient production facilities ▪ High-quality technical services ▪ Trusted partner for large global customers ▪ Leading competitive position	▪ Increased steel scrap availability will lead to significant long-term growth in graphite electrodes ▪ Steady demand growth in aluminum (5 % p.a.) will continue to drive demand for cathodes ▪ Furnace Linings and carbon electrodes as additional stable business

- Increase **competitiveness** through further fixed asset optimization
- Continue to drive **productivity improvements and optimize business model** and processes
- Develop pricing strategy to reflect **market fundamentals (i.e. "commodity")**
- Prepare business to participate in expected **industry consolidation**

Target for GMS and CFM.

Profitable organic sales growth of 50% by 2020



Augmented by potential selective and accretive bolt-on acquisitions to complement our portfolio in terms of region, technology, etc.

GMS and CFM. Both units serve a broad range of fast growing segments linked to global megatrends

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Growth opportunities

	Energy* ~10%*	Digital Lifestyle 7-9%	Mobility 3-5%	Industry 3-4%	Urbanization ~2%
GMS anode materials >10%	Stationary energy storage	Lithium ion batteries			
CFM carbon fibers/mat. 6-8%	Wind, Pressure vessels	Mobile 3C devices	Aerospace, Automotive, Pressure vessels	Industrial applications	
GMS high growth** ~6%	Solar,Polysilicon , LED	LED, Semiconductor		Industrial applications	
GMS medium growth*** 3-5%	Solar, Nuclear, Stationary energy storage, Heat Recovery, etc.	Sapphire glass	Exhaust gas recirculation, Brake assistant pumps	Engine technologies, etc.	Mechanical parts, Water management, etc.

% **Approx. market growth, CAGR 2015-2020**

Market potential 2015: < € 50 mill. > € 50 mill. > € 100 mill.

* Energy efficiency, storage, reversal of energy generation and climate change (10% growth rate represents renewable energy);
** Product Groups: Isostatic, Fiber materials; *** Product Groups: Extruded/Vibro, DieMolded, Expanded, Process technology

GMS and CFM are the basis of an innovation driven, high growth SGL Group.

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Summary

- The majority of the current investors of SGL Group are more excited about the **innovation and growth businesses GMS and CFM**
- **GMS and CFM materials and solutions enable several of the fastest growing economic trends** including energy storage, digitalization, mobility and urbanization.
- Based on strong positions, **GMS and CFM target to further improve their position in the value chain** with particular emphasis on innovation, high value-add products, services and engineered solutions.
- **Until 2020**, GMS and CFM together aim to **grow sales by 50%** through **profitable, organic growth** – potentially augmented by **selective and accretive bolt-on acquisitions**.
- EBITDA level is expected to increase significantly, thus **exceeding** the **minimum EBITDA ROCE margin** of 15%.
- Organic growth can be financed by own operating cash flow.

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Thank you for your attention !

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Backup

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Latest Financials H1 2015

Performance Products. Substantial EBIT improvement despite lack of recovery in graphite electrodes

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in € million	H1/2015	H1/2014
Sales revenue	269.8	273.9
EBITDA before non-recurring charges*	37.8	26.8
EBIT before non-recurring charges*	16.9	6.8
EBIT-Margin before non-recurring charges* (in %)	6.3	2.5
EBIT	12.7	2.5

- **Sales revenue** down 1 %, (currency adjusted -10%) mainly due to lower volumes and prices in graphite electrodes
- Nevertheless, **recurring EBIT** increased by more than €10 million due to cost relief related to SGL2015 and lower raw material costs
- SGL2015 related restructuring charges amounting to €4.2 million in reporting period
- **SGL2015 savings** €13.8 million, thereof €4.6 million from SGL Excellence

* Non-recurring charges of €4.2 million in H1/2015 and €4.3 million in H1/2014

Graphite Materials & Systems. Lower sales and earnings resulting mainly from big ticket order in H1/2014

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in € million	H1/2015	H1/2014
Sales revenue	219.0	234.6
EBITDA before non-recurring charges*	27.7	38.6
EBIT before non-recurring charges*	16.6	28.3
EBIT-Margin before non-recurring charges* (in %)	7.6	12.1
EBIT	16.0	27.9

- **Sales revenue** down 7% (currency adjusted down 14%)
  - Mainly driven by big ticket order in H1/2014
  - Continued strong demand for anode materials for Li-ion-batteries
  - Weaker H1/2015 sales in Process Technology due to subdued order intake in 2014
- Recurring **EBIT** declined by approx. €12 million due to
  - Lower capacity utilization
  - Partially compensated by one-off gains from a land sale and insurance claims
- **SGL2015 savings** €6.3 million, thereof €4.1 million from SGL Excellence

* Non-recurring charges of €0.6 million in H1/2015 and €0.4 million in H1/2014

Carbon Fibers & Materials. Substantial progress towards profitability

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in € million	H1/2015	H1/2014
Sales revenue	161.0	142.3
EBITDA before non-recurring charges*	13.9	-6.5
EBIT before non-recurring charges*	3.2	-12.5
EBIT-Margin before non-recurring charges* (in %)	2.0	-8.8
EBIT	3.1	-12.7

- **Sales revenue** increased by 13% (currency adjusted 7%)
  - Significantly increased sales contributions from our proportionally consolidated joint ventures with BMW Group (SGL ACF, 51% share)
  - CF/CM benefited from improved demand from various customer industries
- Recurring **EBIT** turned positive
  - Strong EBIT improvement at CF/CM due to better volumes and thus higher utilization
  - Lower ramp-up costs and improved productivity for carbon fiber capacity expansion in Moses Lake and Wackersdorf (SGL ACF) as expected
- **SGL2015 savings** €2.3 million, thereof €1.0 million from SGL Excellence

* Non-recurring charges of €0.1 million in H1/2015 and €0.2 million in H1/2014

T&I and Corporate. SGL2015 savings offset by various effects

in € million	H1/2015	H1/2014
Sales revenue	5.3	4.4
EBITDA before non-recurring charges*	-18.3	-18.0
EBIT before non-recurring charges*	-21.7	-21.5
EBIT	-22.3	-36.3

- Recurring **EBIT** nearly unchanged - savings from SGL2015 offset by
  - higher consulting fees relating to Business Process Excellence initiative
  - currency effects from the translation of USD based administrative expenses
- **SGL2015 savings** €3.5 million

*Non-recurring charges of €0.6 million in H1/2015 and €14.8 million in H1/2014

Group. Improved EBIT reflects both operational improvements and lower non-recurring charges

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in € million	H1/2015	H1/2014
Sales revenue	655.1	655.2
EBITDA before non-recurring charges	61.1	40.9
EBIT before non-recurring charges	15.0	1.1
Non-recurring charges	-5.5	-19.7
EBIT	9.5	-18.6

- Includes savings of €26 million from SGL2015 in H1/2015, of which approx. €10 million attributable to SGL Excellence

Group. Improved result from continuing operations on flat sales demonstrates effectiveness of SGL2015

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in € million	H1/2015	H1/2014
EBIT	9.5	-18.6
Results from investments accounted for At-Equity	0.0	-3.2
Net financing result	-24.7	-17.5
Results from continuing operations before income taxes	-15.2	-39.3
Income tax expense	-3.6	-9.3
Results from continuing operations after income taxes	-18.8	-48.6
Consolidated net result attributable to the shareholders of the parent company	-85.0	-62.1
EPS, basic and diluted (in €)	-0.93	-0.87

- Result from investments accounted for At-Equity improves to break even level mainly due to Brembo SGL and lower costs related to SGL Lindner
- Substantial improvement in results from continuing operations after taxes despite non recurrence of €10 million positive one time effect in net financing result in H1/2014 (non exercise of investor put of 2009/16 convertible bond)
- Net result and EPS includes loss from discontinued operations totaling €65 million (of which €53 million impairment charge resulting from sale of aerostructures business) relating to HITCO (H1/2014: loss of €13 million)

Balance sheet. Solid despite slight deterioration

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in € million	30.06.2015	31.12.2014
Total assets	2,067.2	2,170.3
Equity ratio (in %)	24.2	26.2
Total liquidity	238.5	347.5
Net financial debt	522.6	389.9
Gearing (net debt/equity)	1.04	0.69

- Total assets declined slightly despite positive currency effects of €95 million
- **Equity ratio** declined slightly due to
  - net loss of €85 million in the reporting period (including a loss of €65 million from discontinued operations)
  - partially compensated by €16 million (after tax) gain on equity resulting from effect of increased discount factors for calculation of pension provisions in Germany (from 2% to 2.25%) and in the US (from 4% to 4.5%)

Free cash flow. As anticipated in March/April 2015

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Continuing operations in € million	H1/2015	H1/2014
Cash flow from operating activities	-85.4	-23.1
Capital expenditures in property, plant and equipment and intangible assets	-30.1	-60.5
- thereof SGL ACF	*-8.7*	*-36.0*
- thereof SGL Group excluding SGL ACF	*-21.4*	*-24.5*
Cash flow provided by other investing activities*	9.3	-2.0
Free cash flow	-106.2	-85.6

- Higher negative operating cash flow compared to prior year due to
  - working capital buildup (mainly relating to lower trade payables due to reduced raw material costs as well as the declining investment spend and higher inventories)
  - non-recurring cash out for USD hedges (relating to HITCO)
- Free cash flow from continued operations in expected range

*Payments for capital contributions in investments accounted for At-Equity, proceeds from dividend payments and sale of intangible assets and property, plant and equipment

Solidly financed. Maturity profile prolonged in September 2015

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SGL Group successfully prolonged maturity profile in December 2013	▪ €250 million Corporate Bond at 4.875% (maturity 2021) ▪ €200 million credit facility, undrawn (maturity 2017)
Supported by previously issued convertible bond (April 2012)	▪ €240 million Convertible Bond at 2.75%, adjusted conversion price of €40.9598 (maturity 2018)
Maturity profile prolonged with new convertible bond issue in September 2015 for early repayment of 2009/2016 convertible bond (maturity June 2016)	▪ New €167 million Convertible Bond at 3.5%, conversion price of €18.6451 (maturity 2020) issued for early repayment of ▪ €134.7 million (as of June 30, 2015) Convertible Bond at 3.5%, adjusted conversion price of €27.2959 ▪ Tender offer closed 15 September 2015 with €26 million outstanding
Adequate equity and liquidity as of June 30, 2015	▪ Equity ratio: 24% ▪ Gearing 1.04 ▪ Total liquidity: €238.5 million

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Outlook

Business unit outlook 2015. Savings drive improvement in PP. Lower ramp up costs in CFM

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- **Performance Products** (PP): Sales expected on prior year level. Graphite electrode volumes lower than previous year. Raw material induced price adjustments. Higher volumes in cathodes. Substantial percentage increase in EBIT driven by SGL2015 and raw material cost reductions. Recent currency development supportive for sales and EBIT

- **Graphite Materials & Systems** (GMS): Nearly stable sales, mid to high single digit million € lower EBIT as a result of non-recurrence of big ticket order and weaker order intake in H1/2015. Continued strong demand from Li-ion-battery customers

- **Carbon Fibers & Materials** (CFM): Slightly higher sales and significant improvement in EBIT. Better volumes in both CF/CM and SGL ACF. Sales increase partially offset by crude oil based pricing of Fisipe acrylic fibers. EBIT improvement based on overall improved demand and lower ramp up costs at SGL ACF

- **Corporate**: Slightly higher costs despite strong contributions from SGL2015 mainly due to consulting costs for Business Process Excellence initiatives

Group outlook 2015. Net profit to benefit from improved EBIT and lower restructuring expenses

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- Full year **Group sales** expected stable - lower prices resulting from reduced raw material costs, compensated by currency gains and better demand in Business Unit CFM. No relief in near term expected for graphite electrodes due to continued Chinese steel export growth
- **Group recurring EBITDA and EBIT**: substantial percentage increase. **ROCE** to improve in line
- **Restructuring costs:**
  - **SGL2015:** mid double digit million € **savings.** As most SGL2015 measures implemented, only single digit million € SGL2015 related **restructuring expenses** remain**.** Mid double digit million € **restructuring cash- out**
  - Total **restructuring costs** will from H2/2015 onward include one-time expenses associated with "transformation of business models" as announced on July 7, 2015 and amount to a low double digit million € amount (including SGL2015 related restructuring costs)
- **Net result** to improve due to better EBIT and lower restructuring expenses, but remains negative
- **Capex** for the first time in many years to decrease to at most D&A level of approx. €90 million
- **Free cash flow**:
  - Continued operations: improvement impeded due to expected cash out for anticipated tax settlement in H2/2015. However, the largest part of the negative free cash flow has already occurred in H1/2015
  - Discontinued operations: Sale of aerostructures business and related payments increase negative free cash flow

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Appendix

GMS and CFM serve a broad range of fast growing segments linked to global megatrends.

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% Approx. market growth CAGR 2015-2020

GMS and CFM	Growth drivers: Energy* (~10%*)	Digital Lifestyle (7-9%)	Mobility (3-5%)	Industry (3-4%)	Urbanization (~2%)
GMS anode materials (>10%)	Stationary energy storage	Lithium ion batteries			
CFM carbon fibers/materials (6-8%)	Wind, Pressure vessels	Mobile 3C devices	Aerospace, Automotive, Pressure vessels	Industrial applications	
GMS high growth** (~6%)	Solar, Polysilicon , LED	LED, Semiconductor		Industrial applications	
GMS medium growth*** (3-5%)	Solar, Nuclear, Automotive engines (down sizing), Stationary energy storage, Polysilicon, Heat recovery	Sapphire glass	Exhaust gas recirculation, Brake assistant pumps	Engine technologies, Gaskets (chemical), Chemical industry (process technology)	Mechanical parts, Water management, Industrial applications

Market potential 2015: < € 50 mill. > € 50 mill. > € 100 mill.

* Energy efficiency, storage, reversal of energy generation and climate change (10% growth rate represents renewable energy);
** Product Groups: Isostatic, Fiber materials; *** Product Groups: Extruded/Vibro, DieMolded, Expanded, Process technology

Capital Expenditure by Business Area.

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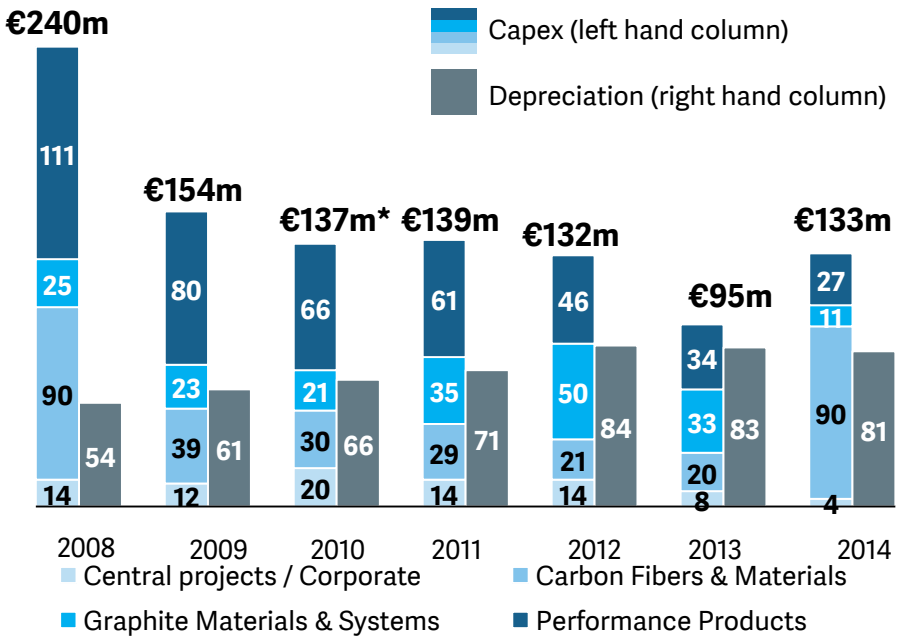
Major investment focus in 2014

PP	▪ Additional improvements in production processes at Malaysian plant ▪ Replacement and EHSA in USA and Spain
GS	▪ Measures to achieve efficiency improvements in the production process, also in the context of SGL2015 ▪ Transfer of some productions steps from Germany to Poland ▪ New green production in Poland
CFM	▪ Tripling of carbon fiber capacities at SGL ACF ▪ New polymerization facility and conversion of spinning line to PAN precursor production in Portugal ▪ Automation at SGL Kümpers (Germany)

Capital expenditure and depreciation [in € million]



* Reported capex of €129.5 million for 2010 includes €7.4 million cash inflow for services rendered by SGL Group. Therefore cash outflow for capex was €136.9 million

Shares in issue and shareholder structure.

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Basic shares	
Security Identification Number	723530
ISIN Number	DE0007235301
Cusip Number	784 188 203
Number of Shares (as at August 31, 2015)	91,806,502
Free float	~ 37%

Reported shareholdings according to §§ 21 f. WpHG		
SKion GmbH	(Oct 15, 2014)	27.46%
BMW AG	(Oct 15, 2014)	18.44%
Volkswagen AG	(Jul 31, 2015)	9.88%

Furthermore, and based on the respective voting rights announcements we received, Voith GmbH, Heidenheim, currently holds more than 5% of the voting rights of SGL Carbon SE.

Debt market instruments.

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Corporate bond	
Coupon	4.875%
Principal Amount	€ 250 million
Issue Date	12 December 2013
Date of Maturity	15 January 2021

Convertible notes 2012/2018	
Coupon	2.75%
Principal Amount	€ 240 million
Adjusted Conversion Price	€ 40.9598
Conversion Right (as at August 31, 2015)	5.86 million shares
Issue Date	25 April 2012
Date of Maturity	25 January 2018

Convertible notes 2015/2020	
Coupon	3.5%
Principal Amount	€ 167 million
Conversion Price	€ 18.6451
Conversion Right (as at September 14, 2015)	8.96 million shares
Issue Date	14 September 2015
Date of Maturity	30 September 2020

Convertible notes 2009/2016 (tender offer closed 15 September 2015)	
Coupon	3.5%
Principal Amount	€ 190 million
Outstanding Amount (as at September 15, 2015)	€ 26.3 million
Adjusted Conversion Price	€ 27.2959

Financial calendar / contact details.

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Financial calendar 2015

March 18, 2015	Annual Report 2014
April 29, 2015	Report on the first quarter 2015
April 30, 2015	Annual General Meeting
August 6, 2015	Report on the first half year 2015
November 5, 2015	Report on the first nine months 2015

Contact

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Important note.

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