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Investor & Analyst Conference Call

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1. **Review - Dr. Jürgen Köhler**
2. Results Q1/2018
3. Outlook 2018

Review.
Q1 results impacted by high positive one-time effects

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- **Q1/2018** impacted by the acquisition of remaining shares in the former JVs with BMW Group and Benteler as well as high positive one-time effects relating to the initial adoption of IFRS 15
- Slightly more than half of the **sales growth** of 22% due to structural effects and the initial adoption of IFRS 15. **Organic growth** driven mainly by the market segments mobility, chemicals, industrial applications and digitization
- **Group recurring EBIT** more than doubled to €21 million (Q1/2017: €9.6 million) including one-time effects from sale of land in Canada and initial adoption of IFRS 15; like-for-like EBIT in Q1/2018 amounted to €11.0 million or 15% increase year-over-year
- **Non-recurring items**: full consolidation of SGL ACF required an adjustment to the fair value of the proportionate shareholding as of the date of acquisition, leading to a positive, non-cash earnings contribution of €28 million to the EBIT after non-recurring items
- Solid Q1/2018 and positive one-time effects allow slight increase in guidance for **net income 2018**
- **Value chain** in the business unit Composites – Fibers & Materials (CFM) **optimized**: Complete acquisition of remaining shares in SGL ACF and sale of shares in SGL Kümpers to the partner

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Composites - Fibers & Materials. Sales growth driven mainly by structural effects

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in € million	Q1/2018	Q1/2017
Sales revenue	115.0	93.6
EBITDA*	17.9	13.3
EBIT*	9.3	7.9
EBIT-Margin* (in %)	8.1	8.4
$ROCE_{EBIT}$ (in %)	5.0	5.1

- **Sales revenue** increased by 23% (currency adjusted by 26%)
  - Primarily due to structural effects in the market segment **automotive** resulting from the initial consolidation of the former at-equity accounted JV Benteler SGL as well as the complete acquisition of the former partially consolidated JV SGL ACF
  - After the sale of our participation in SGL Kümpers, the market segment **wind energy** now only includes lower sales of carbon fibers to the wind energy industry
  - Higher sales in the market segments **industrial applications** (esp. for injection molding applications), **automotive**, and **aerospace**
  - Sales in the market segment **textile fibers** below prior year level
- Recurring **EBIT** increased by 18%
  - Highest earnings growth in the market segment **automotive**, particularly due to the full consolidation of former SGL ACF
  - Partially offset by slightly lower earnings contribution from **wind energy** and **industrial applications**
  - Earnings in market segments **aerospace** and **textile fibers** on prior year level

* before non-recurring items of €26.7 million in Q1/2018 and €0.0 million in Q1/2017

Graphite Materials & Systems. Sales increase driven by accounting changes and strong underlying demand

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in € million	Q1/2018	Q1/2017
Sales revenue	140.1	121.4
EBITDA	22.5	14.1
EBIT	16.8	8.5
EBIT-Margin (in %)	12.0	7.0
$ROCE_{EBIT}$ (in %)	13.4	7.3

- **Sales revenue** up 15 % (currency adjusted by 19%)
  - Initial adoption of IFRS 15 led to a partially temporary sales increase of approximately €12 million. Adjusted for this and currency effects, sales in GMS increased by around 9% reflecting the substantial recovery in the market segment **chemicals** as well as the double-digit growth in the market segments **LED**, **semiconductors**, and **automotive & transport**
  - The market segment **battery & other energy** benefited from higher demand, which was offset by price and currency effects
  - We were not able to meet in full the continued high demand from the market segment **solar**, as we increased our deliveries to customers from the **semiconductor** and **LED** segments. Business with **industrial applications** remained on the prior year level
- Recurring **EBIT** almost doubled
  - Including a partially temporary effect from the initial adoption of IFRS 15 of €5.5 million. Adjusted for this effect, EBIT increased by 33% mainly due to improved results in the market segments **chemicals**, **semiconductors**, **solar**, and **industrial applications**
  - The only market segments that did not increase earnings compared to the prior year were **automotive & transport** as well as **battery & other energy,** which is impacted by expected unfavorable currency exchange rates (esp. JPY) as well as higher raw material costs

Corporate. Higher expenses more than compensated by land sale in Canada

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in € million	Q1/2018	Q1/2017
Sales revenue	8.3	1.3
EBITDA*	-4.3	-5.4
EBIT*	-5.6	-6.8

- **Sales revenue** improved significantly due to the disposal of our former PP activities. Services to PP now recorded as sales to third parties

- Recurring **EBIT** improved by €1.2 million due to the earnings contributions of approx. €4 million from a land sale in Canada, which more than compensated for
  - Costs for the implementation of the Operations Management System (OMS)
  - End of cost pass through to former PP activities, which have now been sold

*before non-recurring items of €0.0 million in Q1/2018 and minus €0.6 million in Q1/2017

Group. Improvement driven by better operations and high positive one-time effects

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in € million	Q1/2018	Q1/2017
Sales revenue	263.4	216.3
EBITDA before non-recurring items	**36.1**	**22.0**
EBIT before non-recurring items	**20.5**	**9.6**
$ROCE_{EBIT}$ (in %)	5.2	2.8
Non-recurring items	26.7	-0.6
EBIT	47.2	9.0
Net financing result	-7.0	-14.1
Results from continuing operations before income taxes	40.2	-5.1
Income tax expense and non controlling interests	-3.8	-1.7
Result from discontinued operations, net of income taxes	-4.2	6.5
Consolidated net result attributable to shareholders of parent company	**32.2**	**-0.3**

- **EBIT before** non-recurring items doubled to €20.5 million, due to improved earnings in the business unit GMS (including a temporary impact of €5.5 million from the first time adoption of IFRS 15) and an income of €3.9 million from a land sale in Canada in the reporting segment Corporate
- **Non-recurring items** relate to accounting effects relating to the purchase of remaining shares in former JVs with BMW and Benteler
- **Net financing result** was halved due to the repayment of the corporate bond and the convertible bond

Free cash flow. Impacted by cash outflow for the acquisition of our joint ventures

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in € million (continuing operations)	Q1/2018	Q1/2017
Cash flow from operating activities	-15.3	-31.8
Capital expenditures in property, plant, equipment and intangible assets	*-8.2*	*-4.9*
*Cash flow from other investing activities**	*-16.8*	*5.2*
Cash flow from investing activities	-25.0	0.3
Free cash flow	-40.3	-31.5
Free cash flow from discontinued operations	62.6	0.7

- **Cash flow from operating activities** improved significantly mainly due to the improved result from continuing operations
- Higher **cash outflow from investing activities** due to
  - Cash outflow for the payment of the Wackersdorf site of former SGL ACF (now SGL Composites, Germany) of €23.1 million
  - Only slightly offset by proceeds from the disposal of our stake in SGL Kümpers (€2.4 million) and a land sale in Canada (€3.9 million)
- **Free cash flow from discontinued operations** contained the cash inflow from the final outstanding payments for the sale of former PP activities

*dividends received, payments for capital contributions in investments accounted for At-Equity and other financial assets, payments for acquiring remaining stakes in our joint ventures, proceeds from sale of intangible assets and property, plant and equipment

Balance sheet. Financial ratios remain in the targeted range after acquisition of remaining stakes in former JVs

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in € million	31.03.2018	31.12.2017
Equity ratio (in %)	33.2	29.6
Total liquidity (incl. discontinued operations in 2017)	165.5	382.9
Net financial debt	203.6	139.0
Gearing (net debt/equity)	0.41	0.30
Leverage ratio (net debt/EBITDA)	1.9	1.5

- **Equity ratio** improved by 360bps mainly due to
  - Positive net result of the period of €32 million
  - Adoption of IFRS 15 and IFRS 9 on transition date January 1, 2018 amounting to €13.8 million
  - Slightly offset by foreign currency effects amounting to minus €4.5 million, resulting from the weaker US-Dollar
- **Total liquidity** decreased mainly as a result of the repayment of the convertible bond in January 2018 and the payment for the Wackersdorf facility as part of the acquisition of SGL Composites, Germany (former JV with BMW)
- Higher **net financial debt** reflects
  - Reduced liquidity
  - Initial consolidation of the proportional debt relating to the full consolidation of SGL Composites amounting to €92 million

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Business Unit outlook 2018. CFM

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Composites – Fibers & Materials (CFM)

- Substantial **increase** in **sales by 25%**
  - Mainly driven by acquisition of former joint ventures with BMW and Benteler
  - Accordingly sales in market segment **automotive** to more than double, while sales with the **wind energy** industry should decline by approximately one-third due to the sale of SGL Kümpers and lower customer demand
  - Sales to market segments **aerospace**, **industrial applications** and **textile fibers** expected on prior year level
  - Like-for-like (i.e. excluding currency and M&A effects) **mid-to-high single digit growth** rate expected
  - No material impact from initial IFRS 15 adoption
- **EBIT*** to also improve substantially
  - Full consolidation of former joint venture with BMW
  - Higher volumes partially offset by negative currency effects and higher development expenses
  - No impact from initial IFRS 15 adoption
  - Highest quarterly earnings of this fiscal year is likely to have been achieved in the first quarter 2018 due to the high capacity utilization as well as high shipments for particular projects

*before non-recurring items (including PPA)

Business Unit outlook 2018. GMS and Corporate

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Graphite Materials & Systems (GMS)

- Slight increase in **sales** – corresponding to currency adjusted **mid-to-high single digit** sales growth
  - Driven by market segments **LED**, **solar** as well as **automotive & transport**
  - **Semiconductor**, **chemicals**, and **industrial applications** expected on prior year level
  - Strong volume increase in market segment **battery & other energy**, offset by price and currency effects
  - Single digit million Euro positive impact from the initial adoption of IFRS 15
- **EBIT*** improvement to slightly outpace sales growth: higher capacity utilization to partially compensate for adverse currency effects
- High $\mathbf{ROCE_{EBIT}}$ of 12% in 2017 should be achievable again in this business unit

Corporate

- Slightly higher expenses due to
  - Lower cost allocations to former PP business unit
  - Higher consulting fees (OMS, new data protection directive) and general cost increases (esp. wage increases)
  - Partly offset by one-off income from a land sale in Canada recorded in Q1/2018

*before non-recurring items

Group outlook 2018.
Further improvement in the profit and loss statement

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- Full year **Group sales** to increase by approximately 10%, corresponding to a like-for-like (i.e. excluding currency and M&A effects) **mid-to-high single digit growth** rate. In addition, we anticipate a single digit million € positive impact on Group sales from the initial adoption of IFRS 15
- **Group recurring EBIT*** to increase at a slightly faster pace than sales due to
  - Expected volume increases
  - Additional earnings contribution from the full consolidation of the former joint venture with BMW
  - Cost savings
  - Partially offset by adverse effects from currency, raw material, and personnel cost developments
  - In addition, we anticipate a low single digit million € positive impact from the initial adoption of IFRS 15
- **Net result – continued operations** to improve to a low double digit € million amount due to
  - Improved operating profit
  - Lower interest expenses due to early redemption of corporate bond in October 2017 and repayment of convertible bond at maturity in January 2018 – partially offset by higher interest expenses relating to full consolidation of net debt of former JV with BMW
  - Impact from positive non-recurring effects in Q1/2018

*before purchase price allocation and non-recurring items

Group outlook 2018. Capex/acquisitions drive higher net debt but all balance sheet targets remain intact

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- **Capex** to increase compared to prior year to 15-25 million € above level of depreciation
  - Level of depreciation increases to €65 million (before PPA) due to full consolidation of former joint ventures
  - Broad guidance range reflects required flexibility in timing of individual investment projects
  - Mid term guidance of average capex at depreciation levels remains valid but capex requirements are front end loaded
- **Total free cash flow** to reach a "black zero"
  - **Free cash flow - continued operations** to improve significantly but remain negative in low-to-mid double digit range mainly due to high capex level and cash outflow for the acquisition of the Wackersdorf site in the former joint venture with BMW
  - **Free cash flow - discontinued operations** to reach positive mid double digit range due to payment of final instalments of purchase price for disposal of GE and CFL/CE
- **Net debt** at end 2018 to substantially increase due to the full consolidation of former joint venture with BMW
- **Balance sheet targets** will continue to be met- **equity ratio** at or above 30%, **gearing** at or below 0.5 and **leverage ratio** at or below 2.5

*before non-recurring items

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Thank you for your attention!

Important note:

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