



sgl carbon

# H1 2023 Results

Dr. Torsten Derr (CEO)  
Thomas Dippold (CFO)

Wiesbaden | August 3, 2023



# Agenda

1. Highlights
2. H1 2023 Results
3. Deep dive CF
4. Summary

# H1 2023: Solid Group numbers

## Financials

**560.5** mEUR  
Group sales 1.9% up –  
driven by rising demand  
from semiconductor  
customers

Equity Ratio  
at **36.1%**  
(31.12.2022:  
38.5%)

Stable EBITDApre  
of **88.0** mEUR  
despite strong  
deterioration in BU  
Carbon Fibers

Net financial debt  
**169.9** mEUR  
and stable  
leverage ratio of  
**1.0**

## Business

Increasing demand  
from **semiconductor**  
industry - especially  
**SiC-customers** leads to  
significant growth in **GS**

Strong  
business  
development  
in **PT** and **CS**

CF burdened by  
temporary  
downturn in wind  
industry resulting in  
an **impairment** of  
44.7 mEUR

One third higher  
**capex** in 2023 to  
increase  
production  
capacities in **GS**

## Outlook

After six months in 2023:  
**confirmation of sales  
and earnings forecast at  
group level**

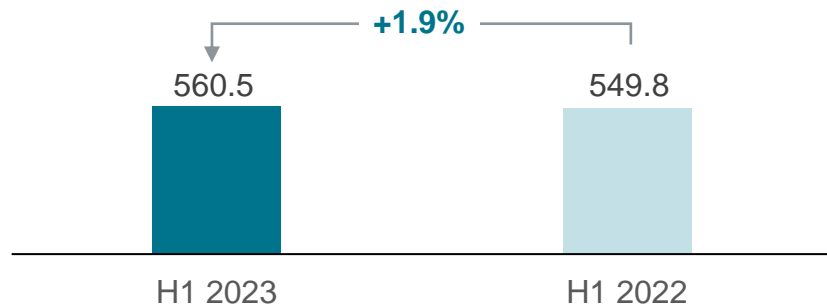
**Guidance 2023:**  
**Sales:** previous year  
level  
**EBITDApre:** between  
160 – 180 mEUR

## 2 H1 2023 Results

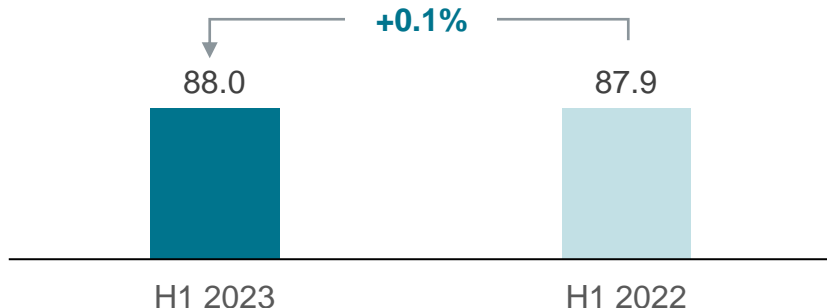
**“H1 2023 in line with expectations”**

# Stable sales and EBITDApre confirm 2023 as stabilization year

## Sales (in mEUR)



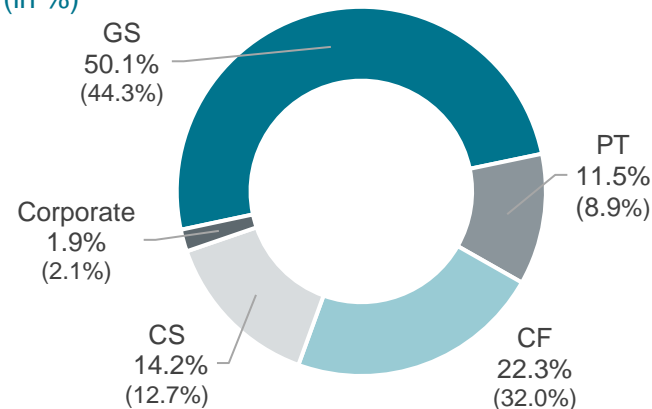
## EBITDApre (in mEUR)



## Key developments

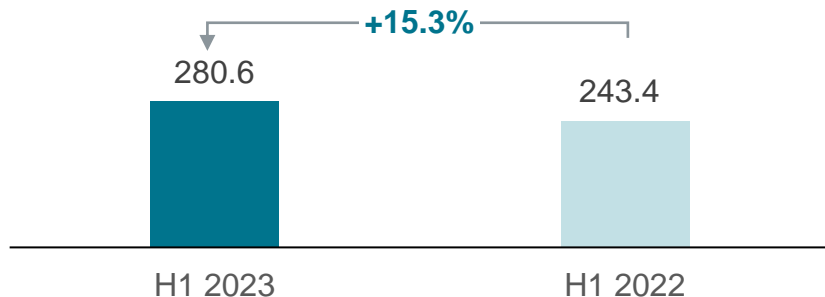
- Sales development: GS (+37.2 mEUR), PT (+15.2 mEUR) CS (+10.0 mEUR) and CF (-50.9 mEUR)
- Improvement in profitability due to product mix changes in GS as well as positive developments in PT and CS
- Solid financial Group figures in H1 2023

## Sales split (in %)

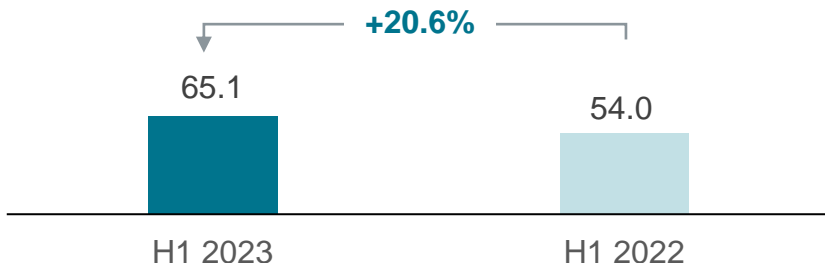


# Graphite Solutions (GS) – growth expectations on track

## Sales (in mEUR)



## EBITDApre (in mEUR)



## Key developments

### Sales

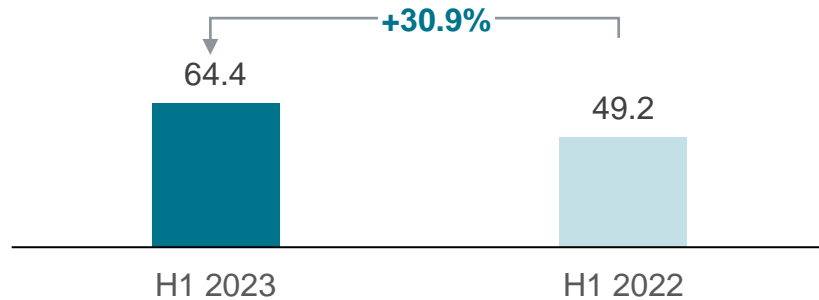
- Strong rise in semiconductor sales yoy (+51%)
- Full capacity utilization for graphite components for semiconductor industry
- Automotive also increasing; Solar & Chemicals down

### EBITDApre

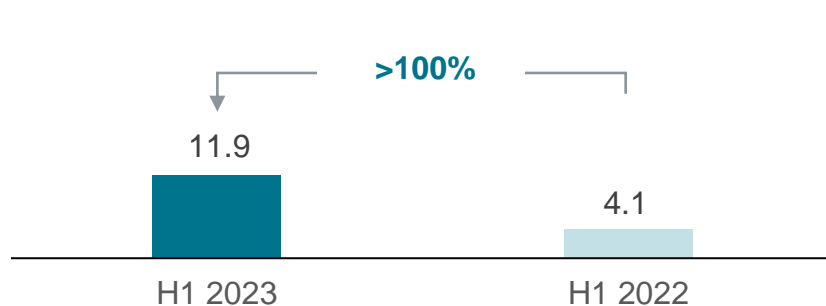
- Positive effects due to high utilization and product mix benefits
- Reallocation of capacity from solar to higher-margin semiconductor business

# Process Technology (PT) – large projects support growth

## Sales (in mEUR)



## EBITDApre (in mEUR)



## Key developments

### Sales

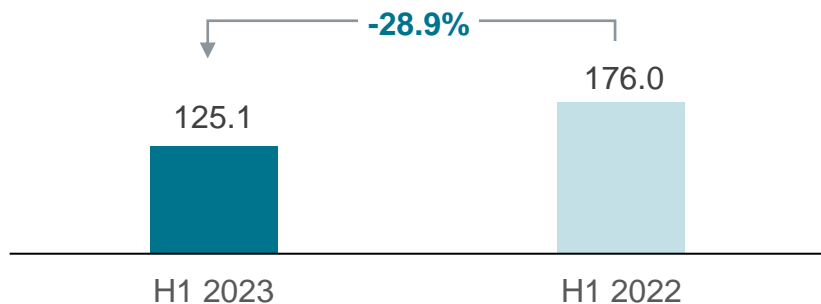
- Last year's order intake leads to strong sales increase
- Order intake H1 2023 remains on high level
- Growth in all three regions (Europe, Asia, America)

### EBITDApre

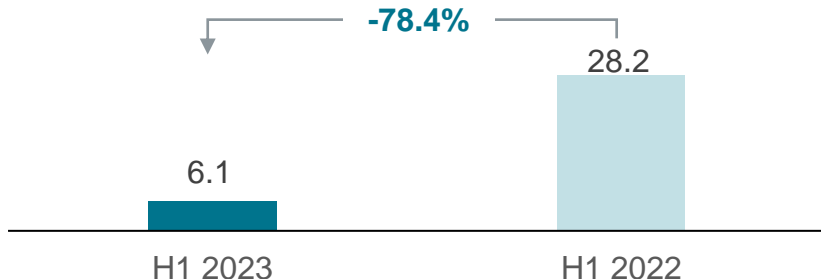
- Higher utilization rates and strict cost management
- Positive product mix effects

# Carbon Fibers (CF) – negative impact from downturn in wind industry

## Sales (in mEUR)



## EBITDApre (in mEUR)



## Key developments

### Sales

- Scheduled expiry of i3 supply contract in June 2022 affects half-year comparison
- Temporary downturn in demand from wind energy customers

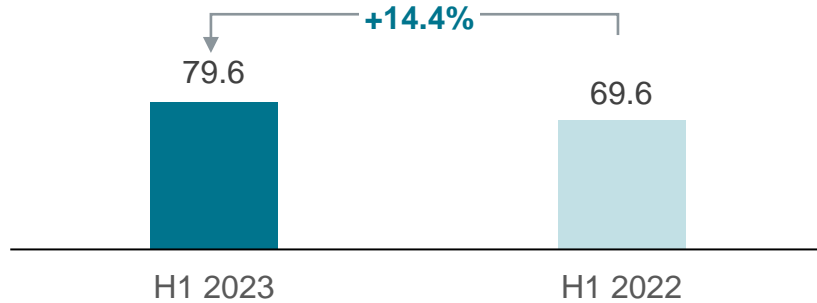
### EBITDApre

- Lower sales burden profitability
- Partial production shutdowns with unchanged fixed costs impact profitability
- 11.0 mEUR at-equity result
- Impairment of 44.7 mEUR of assets in CF required due to temporary downturn in wind

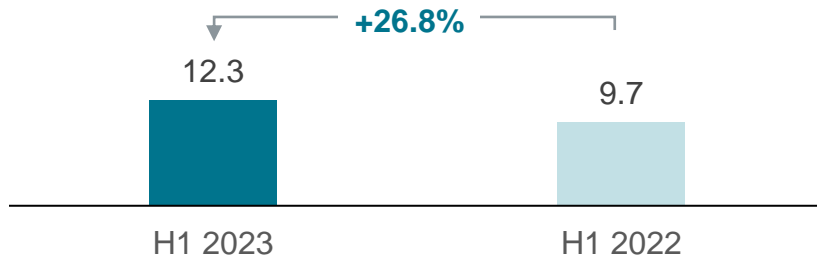


# Composite Solutions (CS) – positive business development continues

## Sales (in mEUR)



## EBITDApre (in mEUR)



## Key developments

### Sales

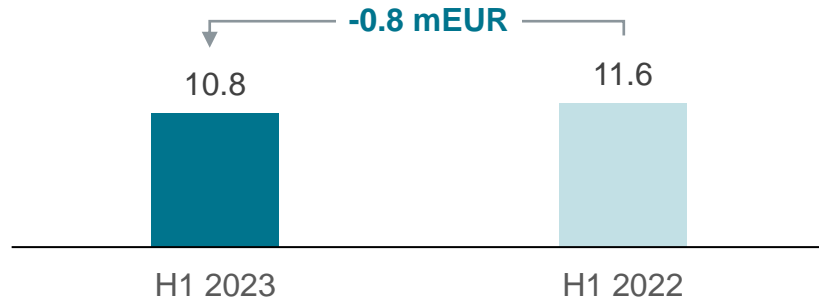
- Strong demand from automotive customers (large- and small-scale solutions)
- Negative effect from sale of Gardena business (USA site) in February 2023 already compensated

### EBITDApre

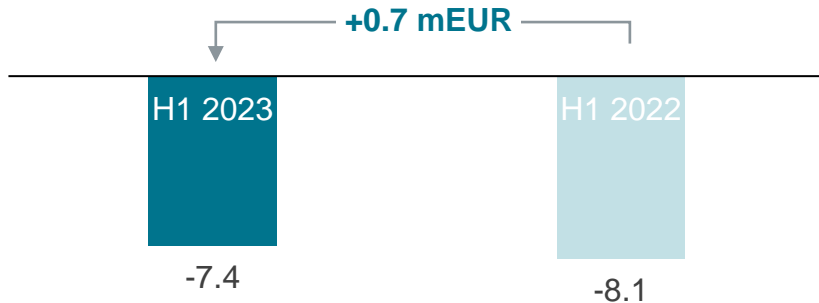
- H1 2022 positively affected by compensation payments from automotive customers of 3.7 mEUR
- Discontinuation of Gardena business beginning of 2023
- Positive earnings performance despite above mentioned operative one-time effects mainly from strong growth of large series business

# Corporate – One-time effects impact sales and earnings

## Sales (in mEUR)



## EBITDApre (in mEUR)



## Key developments

### Sales

- Sale of Gardena (USA) and Pune (India) site allocated to Corporate until divestment on February 16 and April 28, 2023

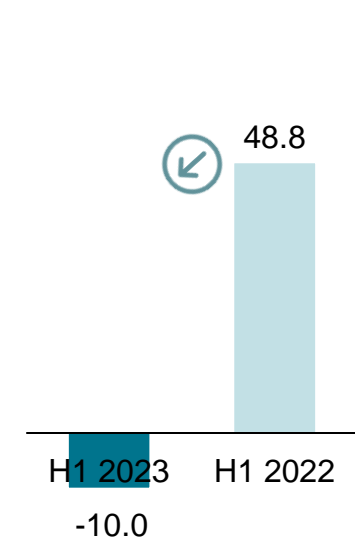
### EBITDApre

- Results Gardena and Pune site allocated to Corporate
- Lower provisions for variable compensation
- Higher service proceeds and continued strict cost management

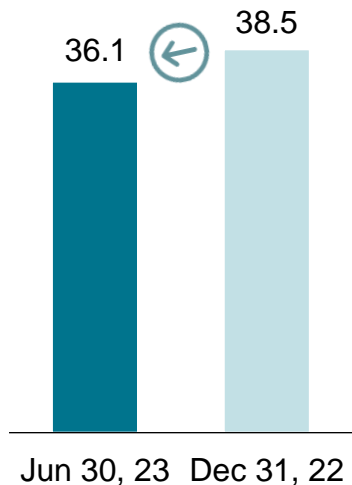
# CF Impairment burdens net result

## Key figures (in mEUR)

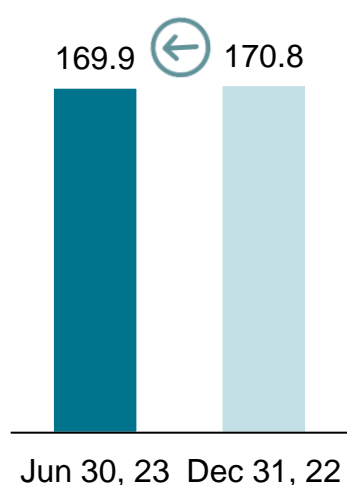
### Net result



### Equity ratio (in %)



### Net financial debt



## Key developments

**Net result decreased** to -10.0 mEUR: H1 2023 negatively affected by impairment of -44.7 mEUR in CF

**Net financial debt** decreased slightly by 0.5% compared to Dec. 31, 2022

**Equity ratio** down by 2.4 ppt to 36.1%

**ROCE** with 11.0% marginally decreased (FY 2022: 11.3%)

### 3 Deep dive CF

# “The future of Carbon Fibers”

# SGL Carbon to transform its Carbon Fiber business

## Transformation steps

### Until 2022 (BMW i3)



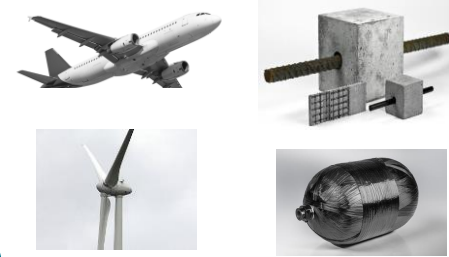
- SGL carbon fiber focused on BMW i3 (take-or-pay, high margin)
- BMW i3 discontinued in 07/2022
- Capacity re-allocated to wind energy

### 2023 (Wind Crisis)



- Wind energy in 10 years low in 2023
- High carbon fibers inventories
- SGL partially idled capacity since June 2023

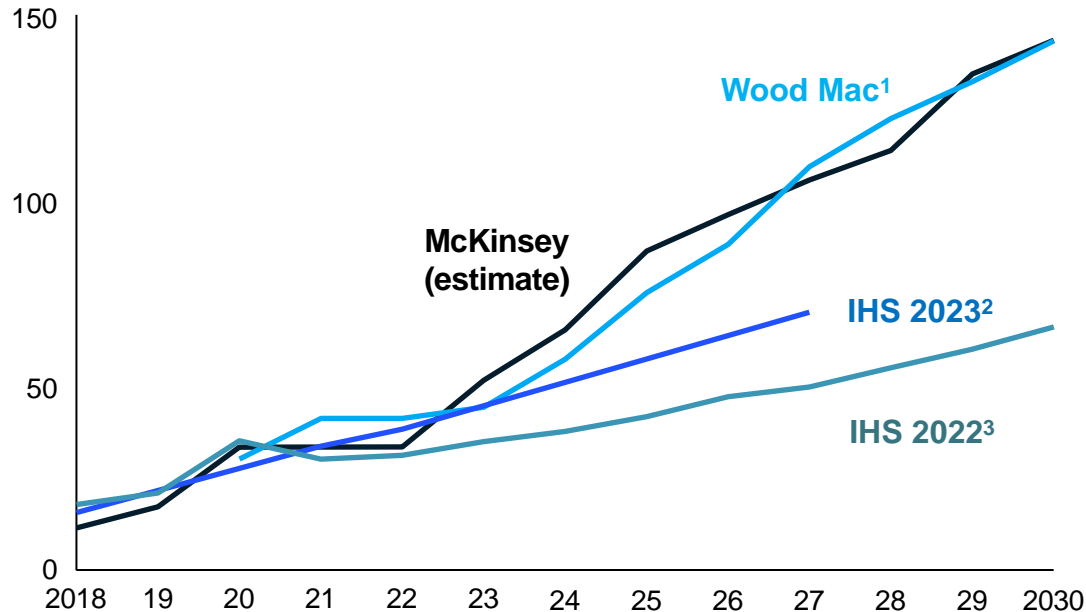
### After 2024



- SGL expects recovery of wind market in 2024
- SGL to diversify fiber portfolio for better resilience

# The wind market's paradox - Carbon Fiber market forecasted to grow, but market participants currently with low profitability

## Wind carbon fiber market (in ktons)



## Drivers wind recovery

- Growth in wind energy turbines
  - offshore +18% CAGR
  - onshore +2.4% CAGR
- Larger blades (>90m) need carbon fiber
- Average carbon fiber demand growth in wind CAGR > 10%

<sup>1</sup> Wood Mackenzie - Global Wind Turbine Supply Chain Trends, 2021, <sup>2</sup> IHS - Green Power Materials, 2023, <sup>3</sup> IHS - Carbon Fibers Chemical Economics Handbook, 2022

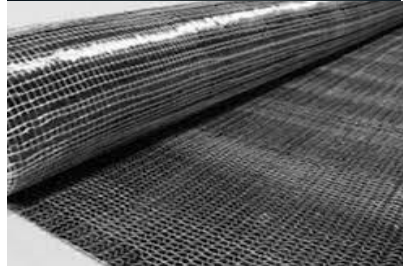
# New higher margin Carbon Fiber application – stepwise migration

## New carbon fiber markets



### H<sub>2</sub> Pressure Vessels

- Mid-term
- Volume: medium
- Launched Q2/2023, already customers, others sampled



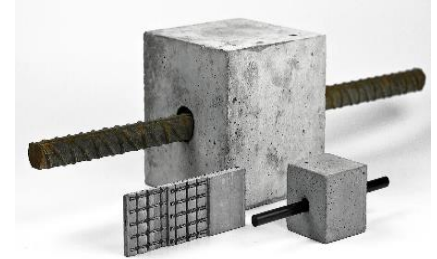
### Construction

- Mid-term
- Volume: small
- Concrete refurbishment already existing business



### Aerospace

- Long-term
- Volume: medium
- Special CF IM fiber, approval & redesign ongoing at Airbus/Boeing



### Concrete Rebars

- Long-term
- Volume: medium
- Carbon fibers with thermoplastics, local approvals needed

## 4 Summary

**“Expected strong GS, extraordinarily positive development in PT & CS, temporary downturn in CF”**



# H1 2023 operationally on track at Group level

## Summary H1 2023

Financials on track	Operating Business	Markets
<p data-bbox="112 521 334 604">Stable sales growth</p> <p data-bbox="423 521 625 604">EBITDApre stable</p> <p data-bbox="131 661 320 716"><b>+1.9%</b></p> <p data-bbox="436 661 610 716"><b>+0.1%</b></p> <p data-bbox="100 801 465 836"><b>Guidance confirmed</b></p> <p data-bbox="100 858 529 893">Sales: previous year level</p> <p data-bbox="100 910 571 945">EBITDApre: 160-180 mEUR</p>	<p data-bbox="703 517 1251 596">High capacity utilization in GS, PT and CS</p> <p data-bbox="741 670 1209 792">Product mix and volume effects lead to profitability improvement</p> <p data-bbox="741 856 1224 934">CF hit by downturn in wind industry</p>	<p data-bbox="1352 519 1792 596">Continuing high demand from SiC customers</p> <p data-bbox="1360 672 1765 755">Solid call-offs from the automotive industry</p> <p data-bbox="1367 829 1785 912">Temporary downturn in wind energy</p>

# Q&A

We are looking forward to your questions

# SGL Carbon to report EBIT / EBITDApre (exceptionals)

## Definition of exceptionals (for 2023)

- Depreciation in accordance with IFRS:
  - effects of impairment (IAS 36)
  - purchase price allocations (IFRS 3)
  - effects on assets held for sale in accordance with IFRS 5
- Restructuring expenses
- Proceeds from the sale of land and buildings
- Proceeds from insurance claims, provided they are not counterbalanced by any offsetting items during the reporting period
- Other material one-off effects which are not reflecting the underlying business development



### **Important Note**

This presentation contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to SGL Carbon's outlook and business development, including developments in SGL Carbon's Graphite Solutions (GS), Process Technology (PT), Carbon Fibers (CF) and Composite Solutions (CS) businesses, expected customer demand, expected industry trends and expected trends in the business environment, statements related to SGL Carbon's cost savings programs. You can generally identify these statements by the use of words like "may", "will", "could", "should", "project", "believe", "anticipate", "expect", "plan", "estimate", "forecast", "potential", "intend", "continue" and variations of these words or comparable words. These statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about SGL Carbon's businesses and future financial results, and readers should not place undue reliance on them. Forward-looking statements do not guarantee future performance and involve risks and uncertainties. These risks and uncertainties include, without limitation, changes in political, economic, legal and business conditions, particularly relating to SGL Carbon's main customer industries, competitive products and pricing, the ability to achieve sustained growth and profitability in SGL Carbon's Graphite Solutions (GS), Process Technology (PT), Carbon Fibers (CF) and Composite Solutions (CS) businesses, the impact of any manufacturing efficiencies and capacity constraints, widespread adoption of carbon fiber products and components in key end-markets of SGL Carbon, including the automotive and aerospace industries, the inability to execute additional cost savings or restructuring measures, availability of raw materials and critical manufacturing equipment, trade environment, changes in interest rates, exchange rates, tax rates, and regulation, available cash and liquidity, SGL Carbon's ability to refinance its indebtedness, development of the SGL Carbon pension obligations, share price fluctuation may have on SGL Carbon's financial condition and results of operations and other risks identified in SGL Carbon's financial reports. These forward-looking statements are made only as of the date of this document. SGL Carbon does not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

# Financial calendar and IR contact details

## Financial calendar

November 2, 2023

- Quarterly statement as of September 30, 2023
- Conference call for analysts and investors

## Contact

### Investor Relations

SGL Carbon SE

Söhnleinstrasse 8

65201 Wiesbaden/Germany

Phone: +49 611 6029-103

E-mail: [Investor-Relations@sglcarbon.com](mailto:Investor-Relations@sglcarbon.com)

[www.sglcarbon.com](http://www.sglcarbon.com)