



# Investor & Analyst Conference Call

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Wiesbaden | May 12, 2021

# Agenda

1. Recent Developments
2. Q1/2021 Results
3. Outlook 2021
4. Summary
5. Backup

# 1 Recent Developments

# Q1 2021: Business development as expected & outlook confirmed

## IPCEI: 42.9 mEUR grant received



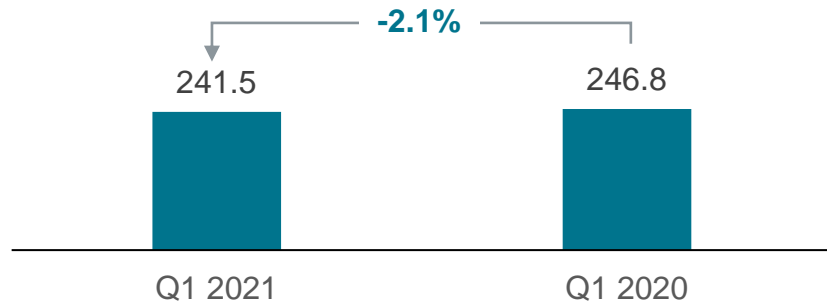
## Highlights Q1/2021

- Group sales 2% down at 241.5 mEUR (FX adjusted at prior year level) - raw material price increases compensated
- Restructuring program on track
- Expected positive effect of 9 mEUR from mutual contract termination in BU GS impacting sales and EBITDA pre
- EBITDA pre +13.8% above prior year
- Net financial debt at 271.5 mEUR (year end 2020 286.5 mEUR)
- Liquidity at 168.6 mEUR (year end 2020 141.8 mEUR)
- Outlook for FY2021 confirmed

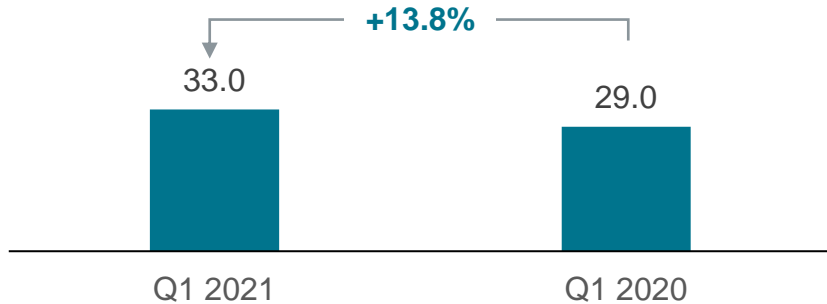
# 2 Q1/2021 Results

# SGL Carbon – Strong profitability improvement despite slight decline in sales

## Sales (in mEUR)



## EBITDA pre (in mEUR)



## Key developments

### Sales

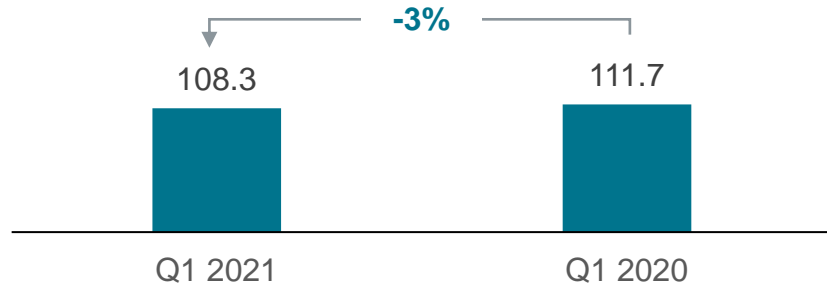
- Slightly lower; FX-adjusted on prior year level
  - Lower sales in Graphite Solutions (late cyclical)
  - Lower sales in Process Technology as a result of less maintenance shutdowns in Chemical Industry
  - Strong growth in Composite Solutions

### EBITDA pre

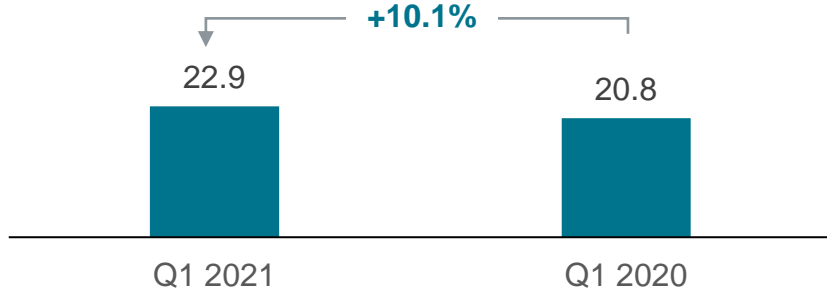
- EBITDA pre improved strongly
  - Support from restructuring and positive effect from contract termination
  - Further cost savings achieved in Q1
  - Partly offset by higher raw material and energy costs

# BU Graphite Solutions (GS) – Semiconductor & China strong

## Sales (in mEUR)



## EBITDA pre (in mEUR)



## Key developments

### Sales

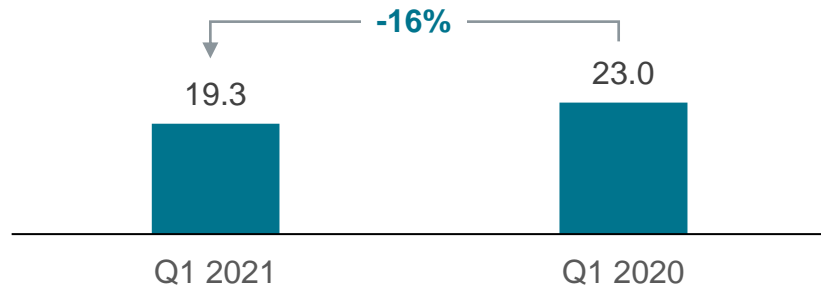
- Slightly below prior year
  - Battery & Other Energy above prior year due to 9 mEUR expected positive effect from contract termination
  - Semiconductor & LED business remains strong
  - Industrial business still weak mainly due to late-cyclical nature of the business

### EBITDA pre

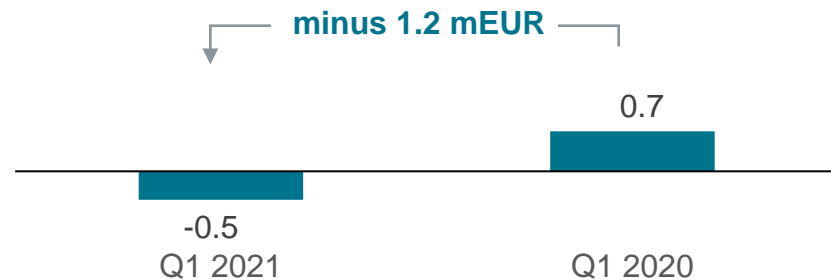
- Improved despite already strong prior year
  - Expected effect from contract termination
  - LED & Semiconductors improved
  - Market recovery in Automotive & Transport

# BU Process Technology (PT) – Dependent on Chemical Industry

## Sales (in mEUR)



## EBITDA pre (in mEUR)



## Key developments

### Sales

- Pandemic-related sales decline
  - Decrease of order intake in all major regions
  - Demand from chemical industry under pressure since mid 2020
  - Noticeable recovery of order intake in Q1 especially for synthesis plants

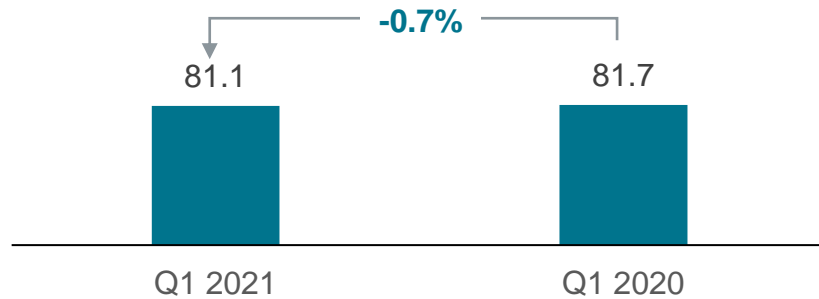
### EBITDA pre

- Significant decline as a result of the sales development

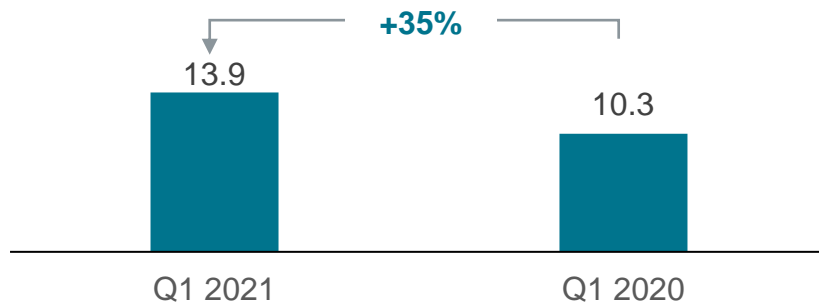


# BU Carbon Fibers (CF) – Strong profitability improvement

## Sales (in mEUR)



## EBITDA pre (in mEUR)



## Key developments

### Sales

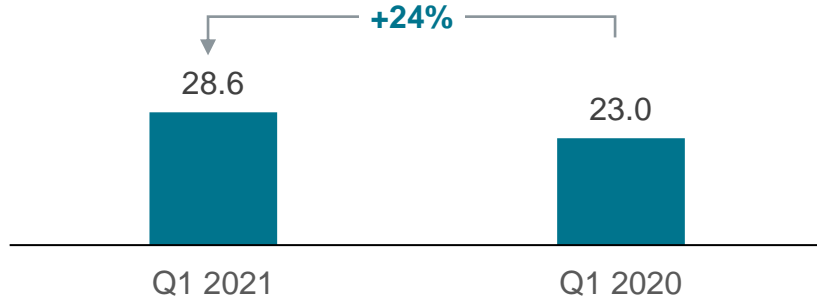
- Margin before volume strategy
- Top line nearly unchanged
  - Positive development in Automotive
  - Wind Energy almost on prior year
  - Pass-through of higher raw materials in Textile Fibers
  - Slight decline in other market segments

### EBITDA pre

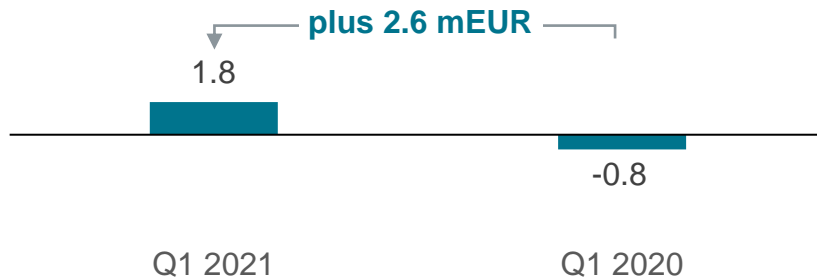
- Improved significantly
  - Higher contribution from At-Equity consolidated companies
  - Full asset utilization at reduced cost

# BU Composite Solutions (CS) – Strong sales increase driven by Automotive projects

## Sales (in mEUR)



## EBITDA pre (in mEUR)



## Key developments

### Sales

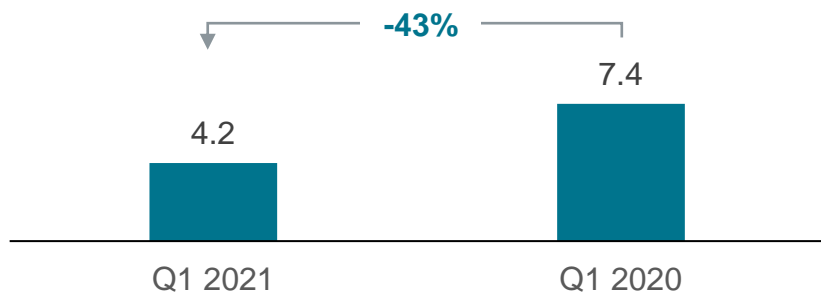
- Strong increase
  - Overall recovery of pandemic-burdened end customer industry Automotive
  - Start of production for new projects e.g. battery enclosures in Automotive

### EBITDA pre

- Turnaround
  - Strong sales increase
  - Cost savings
  - Productivity improvements

# Corporate – Weak development, as expected

## Sales (in mEUR)



## EBITDA pre (in mEUR)



## Key developments

### Sales

- Strong decline, as expected
  - Lower rental income due to sale of land and buildings
  - Lower services to divested businesses

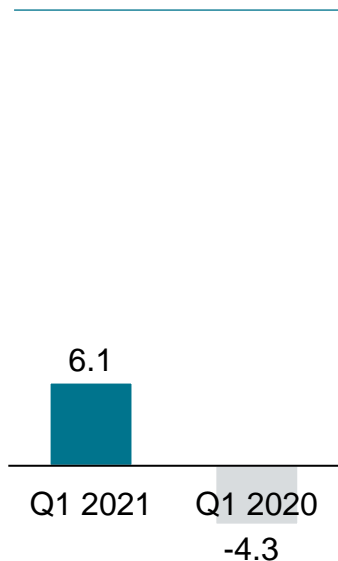
### EBITDA pre

- Strong decline, as expected
  - Higher consulting expenses (one-off)
  - Prior year Q1 impacted by service invoices
  - Savings in central innovation
- Further restructuring to come

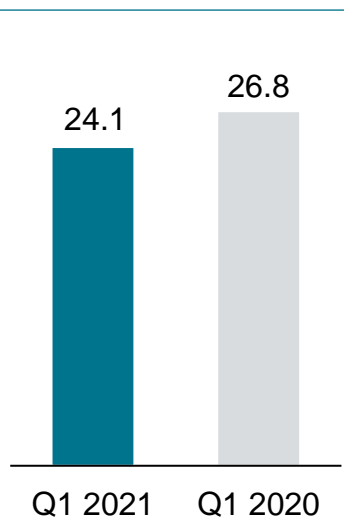
# Focus on bottom line & cash pays-off

## Key figures (in mEUR)

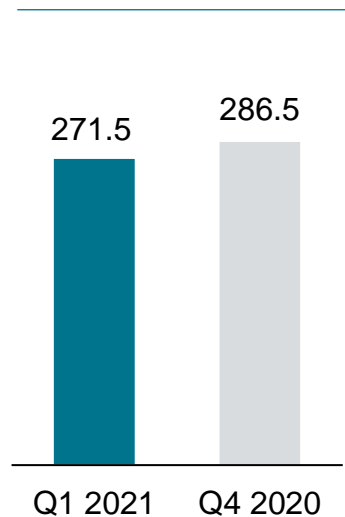
### Net result



### Free cash flow (FCF)\*



### Net financial debt



## Key developments

### Net result

- Strong improvement by 10 mEUR

### Free cash flow/Net financial debt

- FCF declined slightly. Dividend from BSCCB last year in Q1, this year expected in Q2
- Net financial debt decreased by 5%
  - Positive FCF of 24.1 mEUR
  - Lower interests of 7.7 mEUR
  - Lower lease liability of 2.0 mEUR

\* Adjusted with IAS 7.33 presentation of interest payments now in financing CF; prior year adjusted

# Net result turned positive

## Group income statement (in mEUR)

	Q1/2021	Q1/2020
Sales	241.5	246.8
<b>EBITDA pre</b>	<b>33.0</b>	<b>29.0</b>
<b>EBIT pre</b>	<b>19.2</b>	<b>13.4</b>
Exceptionals	-2.2	-7.0
<b>EBIT</b>	<b>17.0</b>	<b>6.4</b>
Financial result	-6.4	-9.4
<b>Results from continuing operations before income taxes</b>	<b>10.6</b>	<b>-3.0</b>
Income tax expense and non controlling interests	-4.5	-1.3
<b>Net result attributable to shareholders</b>	<b>6.1</b>	<b>-4.3</b>

## Key developments

- Net sales minus 2%, FX-adjusted stable
- EBITDA pre plus 14%
  - cost savings & expected effect from mutual contract termination
- EBIT pre plus 43%
- Reported EBIT more than doubled reflecting lower one-off charges
- Net result turned positive and improved by more than 10 mEUR

# Balance sheet ratios improved

## Key figures and ratios (in mEUR)

	31.03.2021	31.12.2020
Equity ratio (in %)	20.4	17.5
Total liquidity	168.6	141.8
Net financial debt	271.5	286.5
Leverage ratio (net debt/EBITDA)	2.0	2.3
ROCE <sub>EBIT*</sub> (in %)	5.6	3.1

## Key developments

- Equity ratio improved strongly
  - Positive net result
  - Higher interest rates for pensions
  - Positive FX impact
- Lower net financial debt
  - Positive FCF
- Leverage ratio improved to 2.0
  - Lower net debt
  - Higher EBITDA

\* before non-recurring items

# Free cash flow declined slightly compared to prior year

## Cash flow (in mEUR)

	Q1/2021	Q1/2020 <sup>1)</sup>
<b>Cash flow from operating activities</b>	<b>30.4</b>	<b>29.6</b>
<i>Capex</i>	-6.9	-7.9
<i>Cash flow other investing activities</i>	0.6	5.1
<b>Cash flow from investing activities</b>	<b>-6.3</b>	<b>-2.8</b>
<b>Free cash flow (continuing operations)</b>	<b>24.1</b>	<b>26.8</b>

## Key drivers

- Operating cash flow improved
  - Higher EBITDA pre compensates working capital increase
- Capex below prior year
- Dividend payment from JV BSCCB of 5 mEUR in Q2 instead of Q1

<sup>1)</sup> Adjusted with IAS 7.33 presentation of interest payments now in financing CF; prior year adjusted

# 3 Outlook 2021



# Restructuring project is on track

## Transformation targets until end of 2023

- Realization of > 700 Initiatives
- Savings of > 100 mEUR
- Headcount reduction of > 500 FTE

## Status end of Q1/2021

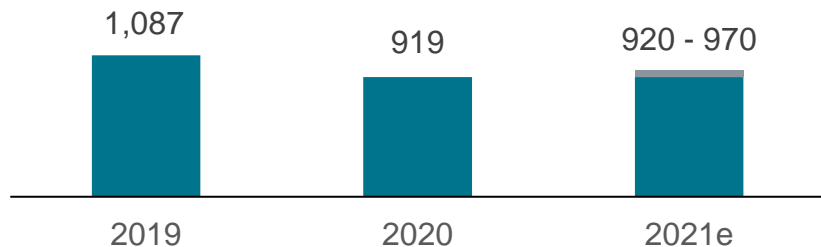
60% completed

More than 50% initiated

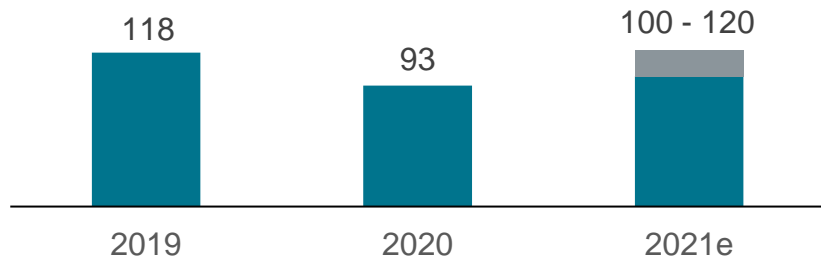
350 FTE already reduced  
100 FTE terminations initiated

# SGL Carbon – Outlook for FY2021 confirmed

## Sales (in mEUR)



## EBITDA pre (in mEUR)



## Key drivers

- Restructuring project well on track
- Order entry improved in all Business Units
- Margin before volume strategy

## Other guidance KPIs

- Balanced net result including non-recurring items ✓
- Positive FCF due to change of interest payment reporting of about 20 mEUR ✓
- ROCE improved ✓

# Outlook on Business Unit level confirmed

## Graphite Solutions



## Process Technology



## Carbon Fibers



## Composite Solutions



### Outlook 2021

- |                   |                        |          |                   |                        |
|-------------------|------------------------|----------|-------------------|------------------------|
| <b>Sales</b>      | • slight increase      | • stable | • stable          | • significant increase |
| <b>EBITDA pre</b> | • significant increase | • stable | • slight increase | • slightly positive    |

### Growth & profitability drivers

- |                                      |  |               |   |
|--------------------------------------|--|---------------|---|
| • Graphite for Lithium-Ion Batteries | • Maintenance shutdowns in chemical industry | • Wind energy | • Automotive (lightweight construction) |
| • Semiconductors & LED               |  | • Automotive  | • Electromobility                       |

# 4 Summary

# SGL Carbon's transformation right on track – key takeaways

1. Increase of EBITDA pre compared to prior year ✓
2. Transformation project on track ✓
3. IPCEI: 42.9 mEUR EU-grant received for graphite anode material for Li-Ion Batteries ✓
4. Improved liquidity (+20 mEUR vs. year end) and lower net financial debt (-15 mEUR vs. year end) ✓
5. Guidance for FY2021 confirmed ✓



# Q&A

# Financial calendar and IR contact details

## Financial calendar

May 21, 2021

- Annual General Meeting

August 12, 2021

- Report on the first half of 2021
- Conference call for analysts and investors

November 11, 2021

- Report on the first nine months 2021
- Conference call for analysts and investors

## Contact

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# 5 Backup



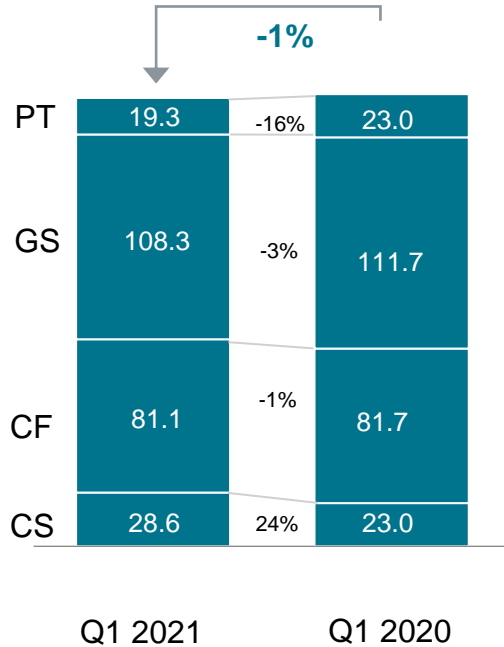
# SGL Carbon to report EBIT / EBITDA pre (exceptionals)

## Definition of exceptionals (for 2021)

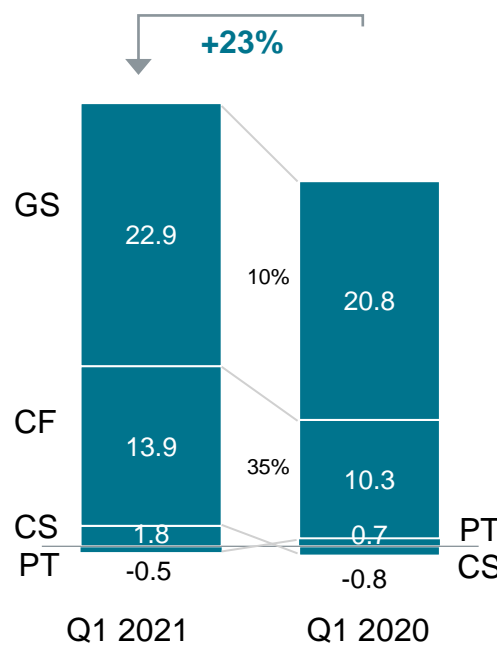
- Depreciation in accordance with IFRS:
  - effects of impairment (IAS 36)
  - purchase price allocations (IFRS 3)
  - depreciation on assets held for sale in accordance with IFRS 5
- Restructuring expenses
- Proceeds from the sale of land and buildings
- Proceeds from insurance claims, provided they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

# Business unit performance Q1 2021 vs. Q1 2020

## Sales (in mEUR)



## EBITDA pre (in mEUR)



## Sales

- PT: pandemic-related decline
- GS: driven by Semiconductor & China & contract termination; Industrial weak
- CF: growth in Automotive & Textile Fibers off-set by other businesses
- CS: new projects driving growth

## EBITDA pre

- PT: decline, due to lower sales
- GS: significant increase from Semi's, China, savings, contract termination
- CF: improvement due to initiated efficiency measures in FY2020
- CS: turned positive



### **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.