Investor & Analyst Conference Call

Wiesbaden
May 14, 2020

Dr. Michael Majerus (Spokesman of the Board of Management)

1 Results Q1/2020

2 Outlook 2020

Composites – Fibers & Materials.

Substantial improvement in earnings despite restructuring driven lower sales revenues and approx. €3m lower earnings contribution from At-Equity accounted investments

Sales	EBIT[1]	EBIT[1]-margin	ROCE EBIT[1]
€104.5m	**€3.7m**	**3.5%**	**-0.8%**
-9% vs PY	**>100%** vs PY	**+320 bps** vs PY	**-260 bps** vs PY

- Overall no material impact yet from Covid-19 pandemic
- **Sales revenue** in Q1/2020 in line with expectations with decline of 9% (currency adjusted minus 10%)
  - Sales revenue decline anticipated due to the restructuring driven lower sales revenues in the market segment **Textile Fibers**
  - Corona-related declining trends in the market segments **Automotive** and **Aerospace** were compensated by the higher than expected sales growth in **Wind Energy**
  - Sales in **Industrial Applications** were stable and thus also slightly better than planned
- **EBIT**[1] in Q1/2020 improved substantially to €3.7m despite almost €3 million lower contribution from At-Equity result
  - JV with Brembo in particular was directly impacted by the production curtailments of European automotive OEMs
  - Driven by earnings improvement measures implemented in the prior year, particularly restructuring in **Textile Fibers**, price increases in the market segment **Wind Energy** as well as the segment-wide improvement of the operational performance
- Decline in **ROCE** results from calculation method employing recurring EBIT for the last twelve months

[1] before non-recurring items of minus €2.6m in Q1/2020 and minus €2.4m in Q1/2019

Graphite Materials & Systems.

Development in Q1/2020 in line with expectations and driven by changes in supply chain of our Li-ion battery customer

Sales	EBIT	EBIT-margin	ROCE $_{EBIT}$
€134.6m (-19% vs PY)	€11.9m (-55% vs PY)	8.8% (-710bps vs PY)	13.2% (-420bps vs PY)

- Overall no material impact yet from Covid-19 pandemic
- **Sales revenue in Q1/2020** down 19% (currency adjusted by 20%)
  - Decline in sales revenues anticipated due to changes in supply chain in our lithium-ion battery business (**Market Segment Battery & other Energy**)
  - All market segments declined compared to the prior year period
  - Except **Semiconductors**, which continued to grow double-digit
- **EBIT in Q1/2020** decreased more than proportionately by 55%
  - Note that prior year quarter was at record level and also benefited from IFRS 15 effect
  - In line with sales revenue development, almost all markets segments posted lower earnings compared to the prior year period
  - Based on the substantially higher sales revenues, earnings in the market segment **Semiconductors** improved slightly
  - Earnings in market segment **Automotive & Transport** stable despite lower sales revenues due to productivity improvements

Corporate.

EBIT improvement based on one-time income

Sales	EBIT
€7.7m — +4% vs PY	€-6.6m — +20% vs PY

- **Sales revenue** in absolute terms close to prior year level
- **EBIT** improved significantly despite slightly higher expenses in Central Innovation (central R&D department)
  - primarily due to one-time income from final invoicing of services to divested business units (former Business Unit Performance Products)

Group.

Lower EBIT and foreign currency valuation driven deterioration of financial result led to a slight loss in net result

Sales	EBIT[1]	Net financing result	Net result
€246.8m -15% vs PY	€9.0m -52% vs PY	€-9.4m -52% vs PY	€-4.3m >-100% vs PY

- **Group sales revenue** and **recurring EBIT** development described on prior pages. **Group recurring EBIT** declined as operational improvements in CFM and Corporate were offset by the substantial reduction in recurring EBIT of GMS
- **Net financing result** deteriorated primarily due to the lower foreign currency valuation of group loans which offset the slight improvement in the net interest expense resulting from the lower interest expenses for pensions
- Lower **net result** due to reduced EBIT and net financing result

[1]before non-recurring items of minus €2.6m in Q1/2020 and minus €2.4m in Q1/2019

Cash flow.

Positive free cash flow due to lower capex and improvement in operating cash flow

Operating Cash Flow	Capex	Free Cash Flow cont.	Free Cash Flow disc.
€20.7m — **>100%** vs PY	**€7.9m** — **-49%** vs PY	**€17.9m** — **>100%** vs PY	**€-2.3m** — **+78%** vs PY

- **Cash flow from operating activities** improved significantly by €16.6m to €20.7m despite lower earnings primarily due to no significant increase in working capital in contrast to usual seasonal patterns
- **Free cash flow** also improved significantly to €17.9m from minus €3.7m in the prior year period
  - Substantial improvement in operating cash flow
  - Significantly lower capex as we push some expenditures back to preserve liquidity in current uncertain environment
  - Despite €1m lower dividend payment from JV with Brembo (Ceramic Brake Discs)
- **Free cash flow from discontinued operations** also improved significantly and included a tax payment for prior years for the former business unit PP
  - Prior year included cash outflow relating to final settlement payments to the buyer of HITCO Aerostructures

Balance sheet.

Financial ratios as of March 31, 2020 remain solid

Equity ratio	Liquidity	Net financial debt	Leverage ratio
29.6%	**€149.8m**	**€281.5m**	**2.6**
+180bps vs YE 2019	**+9%** vs YE 2019	**-2%** vs YE 2019	**+0.2** vs YE 2019

- **Equity ratio** improved mainly due to positive effects of €25.2m resulting from the adjustment of interest rates for pension provisions to the increased interest rate environment in Germany. Positive foreign currency changes of €3.8m were offset by the net result of minus €4.3m
- In contrast to normal seasonal patterns we were able to increase **liquidity** to nearly €150m at the end of Q1/2020 compared to approx. €137m at year-end 2019
- Slight improvement in **net financial debt** is primarily attributable to the positive free cash flow of €17.9m, slightly offset by an increase in financial debt relating to a loan for the acquisition of a building lease in the amount of €6.7m

1 Results Q1/2020

2 Outlook 2020

COVID-19 impact on our operations.

- SGL Carbon has two clear priorities:
  - To deploy preventive measures **to protect the health of our employees, their families and our business partners**
  - To steer our Company in the **best way and as unscathed as possible** through these difficult times
  - Implemented rules of conduct have contributed to the fact that only **very few SGL Carbon employees** have so far been positively tested for the Corona virus
- SGL Carbon is globally active with 29 production sites. Some countries resp. regional authorities have implemented far-reaching measures such as lockdowns, which had immediate impact on our operations
  - GMS sites in **China, India, Italy and Spain temporarily affected** by these restrictions, which have in the meantime been lifted and the sites have resumed operations
  - Due to customer production stops, CFM sites in **Wackersdorf and Willich (Germany)** as well as **Austria** have reduced their production and introduced short time work. This also applies to the **two production sites of the Brembo SGL** JV
  - Thanks to the implemented measures, remaining sites of SGL Carbon in **Germany, USA, UK, France, Portugal** and **Poland** were able to largely maintain production and delivery of products without interruption, albeit at different degrees of capacity utilization
- To counteract the effects of the partially massive interruptions in the supply chain and their resulting lost work time, SGL Carbon is utilizing personnel measures such as **short time work** and **reduction of vacation and overtime** in some sites and businesses that are particularly affected
- **Administrative employees** and teams have continued to work largely out of their **home offices**. To enable this, we have **multiplied** the capacity of our **IT networks**

Guidance for the current fiscal year suspended. Q2/2020 expected to be substantially impacted by the COVID-19 pandemic

- On April 1, 2020, the Board of Management of SGL Carbon SE decided to **suspend the guidance for the fiscal year 2020** given Covid-19 pandemic related uncertainties
- Due to the various measures to contain the Covid-19 pandemic, which have materially impacted and will likely continue to impact social and economic life, a **significant decline in all major KPIs** is to be expected for this fiscal year
- Thanks to initial measures and in contrast to usual seasonality, we **increased liquidity** at the end of the first quarter 2020 compared to the year-end 2019. To counteract the anticipated reduction in available liquidity in the coming months, we have not only employed personnel instruments such as applying for short-time work, but also initiated various limitations and postponements of expenditures in both business units as well as in Corporate. We are also working on additional funding options independent of the capital markets. The Company is intensively working on identifying and mitigating potential risks
- The first quarter 2020 remained largely within the scope of our initial forecasts, as March 2020 was not yet materially affected by Covid-19 impacts. In contrast, our production processes have been significantly affected by customers' and our own temporary production stops, reduced production levels as well as demand reductions since the beginning of the second quarter 2020. Accordingly, we currently expect **sales revenues to decline substantially double-digit** compared to the prior year level and anticipate a **negative recurring EBIT in the second quarter 2020**
- A **reliable outlook for the entire fiscal year 2020** can only be presented after the overall economic situation including the supply chains have largely stabilized

Our business model will be strengthened after the crisis.

- We expect to resume our **sustainable mobility, energy and digitization driven growth path after overcoming the pandemic**. It is already visible today, that **sustainability** and **digitization**, two topics that have particular relevance for us, will gain in importance and that our **business model will be strengthened** by this development. Demand for our products will grow in the medium term, as our products offer significant customer benefits such as **higher efficiency**, **lower costs**, **reduced consumption of resources**, and **improved CO_2 footprint**. These issues are also highlighted in the planned and implement stimulus programs of various nations
- Our **lightweight solutions at competitive costs** and our **performance relevant materials and components for electric mobility and fuel cell cars** enable sustainable mobility and reduce CO_2 emissions in both the **automotive** and the **aerospace** industries
- We substantially contribute to the advancement of **sustainable energy generation** with our specialty graphites for the **solar** industry and our carbon fibers for the **wind energy** industry
- The Corona pandemic has accelerated the **digitization** trend, as millions of employees and students are working from home, and social contacts are primarily maintained virtually. We offer graphite based solutions along the entire **semiconductor** production route. Our growth is primarily driven by **high speed internet**, **5G technology for cellular networks**, **autonomous driving**, **internet of things** and increased usage of **LEDs**. We are experiencing **double-digit growth** particularly in our silicon carbide coated specialty graphites for **wideband-gap technology**

Q & A

Appendix:
Latest results in detail

Composites – Fibers & Materials.

in € million	Q1/2020	Q1/2019
Sales revenue	104.5	115.0
EBITDA[1]	10.5	9.0
EBIT[1]	3.7	0.4
EBIT[1]-Margin (in %)	3.5	0.3
$ROCE_{EBIT}$[1] (in %)	-0.8	1.8

[1] before non-recurring items of minus €2.6 million in Q1/2020 and minus €2.4 million in Q1/2019

Graphite Materials & Systems.

in € million	Q1/2020	Q1/2019[1]
Sales revenue	134.6	166.4
EBITDA	18.9	32.8
EBIT	11.9	26.5
EBIT-Margin (in %)	8.8	15.9
$ROCE_{EBIT}$ (in %)	13.2	17.4

[1]Adjusted to reflect the reclassification of the business with gas diffusion layers from Corporate

Corporate.

in € million	Q1/2020	Q1/2019[1]
Sales revenue	7.7	7.4
- of which Central Innovation	*0.3*	*0.2*
EBITDA	-4.8	-5.5
EBIT	-6.6	-8.2
- of which Central Innovation	*-3.0*	*-2.3*

[1]Adjusted to reflect the reclassification of the business with gas diffusion layers to the reporting segment GMS

Group.

in € million	Q1/2020	Q1/2019
Sales revenue	246.8	288.8
EBITDA before non-recurring items	**24.6**	**36.3**
EBIT before non-recurring items	**9.0**	**18.7**
$ROCE_{EBIT}$ (in %)	*3.1*	*5.0*
Non-recurring items	-2.6	-2.4
EBIT	6.4	16.3
Net financing result	-9.4	-6.2
Results before income taxes	-3.0	10.1
Income tax expense and non controlling interests	-1.3	-1.2
Consolidated net result attributable to shareholders of parent company	**-4.3**	**8.9**

Free cash flow.

in € million (continuing operations)	Q1/2020	Q1/2019
Cash flow from operating activities	20.7	4.1
• Capital expenditures in property, plant, equipment and intangible assets	-7.9	-15.4
• Cash flow from other investing activities[1]	5.1	+7.6
Cash flow from investing activities	-2.8	-7.8
Free cash flow	17.9	-3.7
Free cash flow from discontinued operations	-2.3	-10.5

[1]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.

in € million	31.03.2020	31.12.2019
Equity ratio (in %)	29.6	27.8
Total liquidity	149.8	137.1
Net financial debt	281.5	288.5
Gearing (net debt/equity)	0.66	0.69
Leverage ratio (net debt/EBITDA)	2.6	2.4

Important note.

This presentation contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to SGL Group’s outlook and business development, including developments in SGL Group’s Composites - Fibers & Materials and Graphite Materials & Systems businesses, expected customer demand, expected industry trends and expected trends in the business environment, statements related to SGL Group’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 Group’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 Group’s main customer industries, competitive products and pricing, the ability to achieve sustained growth and profitability in SGL Group’s Composites - Fibers & Materials and Graphite Materials & Systems businesses, the impact of any manufacturing efficiencies and capacity constraints, widespread adoption of carbon fiber products and components in key end-markets of the SGL Group, including the automotive and aviation 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 Group’s ability to refinance its indebtedness, development of the SGL Group’s pension obligations, share price fluctuation may have on SGL Group’s financial condition and results of operations and other risks identified in SGL Group’s financial reports. These forward-looking statements are made only as of the date of this document. SGL Group does not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.