Investor & Analyst Conference Call

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

1 Results 9M/2019

2 Outlook 2019 & sneak preview on 2020

Composites – Fibers & Materials.

After sequential improvement in Q2/2019, significant decline in Q3/2019 due to the market segments Textile Fibers, Industrial Applications, and Wind Energy.

Sales	EBIT[1]	EBIT[1]-margin	ROCE EBIT[1]
€328.6m	€-1.8m	-0.5%	-0.3%
2% vs PY	>-100% vs PY	-700bps vs PY	-490 bps vs PY

- **Sales revenue** in 9M/2019 slightly above prior year level (currency adjusted 1%)
  - Strong growth in market segment **Wind Energy** (albeit from a very low base) offset by market segments **Industrial Applications** and **Textile Fibers** (weakening global economy and structural reasons) as well as **Aerospace** (project billings skewed to H2/2019)
  - Remaining market segment **Automotive** approx. on prior year level
- **EBIT**[1] in Q3/2019 significantly declined compared to the first two quarters due to the deterioration in **Textile Fibers, Wind Energy, and Industrial Applications**
- Overall **EBIT**[1] in 9M/2019 substantially below prior year level
  - Mainly due to earnings decline in market segments **Textile Fibers** (weak economic conditions and structural effects), **Wind Energy** (lower earnings despite higher sales due to unfavorable product mix, **Automotive** (temporary unfavorable product mix), **Aerospace** (different billing patterns)

[1] before non-recurring items of minus €81.0 million in 9M/2019 and €18.1 million in 9M/2018

Graphite Materials & Systems.

Record level in 9M/2019 driven by strong demand in most market segments except Battery & other Energy and Solar

Sales	EBIT[1]	EBIT-margin	ROCE EBIT
€471.3m — **+8%** vs PY	**€70.9m** — **+19%** vs PY	**15.0%** — **+140bps** vs PY	**16.9%** — **+90bps** vs PY

- **Sales revenue in 9M/2019** up 8% (currency adjusted by 6%)
  - Substantial double-digit growth in market segments **Semiconductors, Automotive & Transport,** and **LED**
  - Slight increase also in **Industrial Applications** and **Chemicals**
  - **Battery & other Energy** close to prior year level as expected
  - Sales to market segment **Solar** again limited to below prior year level as supply to **LED** and **Semiconductor** industries again prioritized
- **EBIT[1] in 9M/2019** increased by 19% and thus more than proportionately to sales to a record level
  - Due to improvements in most market segments
  - **Automotive & Transport** was able to improve earnings significantly in Q3 vs. the first half 2019 (reduced start-up costs), thus stabilizing earnings over the reporting period
  - Earnings in the market segment **Battery & other Energy** were also maintained close to the prior year level
  - **Solar** below prior year level due to shift of business to more profitable Semiconductor customers

[1] before non-recurring items of €0.6 million in 9M/2018

Corporate.

Significant improvement due to higher demand from fuel cell customers and lower expenses for management incentive plans

Sales	EBIT[1]
€32.5m (+27% vs PY)	€-14.9m (+30% vs PY)

- Higher **sales revenue** resulting primarily from stronger demand in the market segment **Energy** relating to fuel cell components in our central research and development department (Central Innovation)
  - Accordingly, sales revenue at Central Innovation more than doubled in the reporting period to €9.4 million
- **EBIT**[1] improved significantly compared to the prior year level – despite a €3.9 million one-time gain from a land sale in the prior year period
  - Lower expenses for management incentive plans mainly as a result of the weak performance in CFM and thus in the Group
  - Central Innovation net expenses of €4.0 million below prior year level of €6.1 million due to higher earnings contribution from business with parts for fuel cells

[1] before non-recurring items of €1.8 million in 9M/2018

Group.

On recurring EBIT level, adjusted for one-time gain from a land sale in the prior year period, improvement in GMS and Corporate almost compensated for lower CFM

Sales	EBIT[1]	Net financing result	Net result
€832.4m (+6% vs PY)	€54.2m (-8% vs PY)	€-32.6m (-53% vs PY)	€-74.5m (>-100% vs PY)

- **Recurring EBIT** declined by 8% to €54.2 million due to gain from a land sale in prior year period (impact of €3.9 million in Q1/2018). Excluding this effect in the prior year period, EBIT would have been nearly stable as higher earnings contribution from GMS and lower expenses in Corporate almost entirely compensated for lower CFM contribution
- **Net financing result** deteriorated mainly due to the one-time expense of €6.3 million for the repurchase of the convertible bond 2015/2020 as well as due to higher interest expenses from new convertible bond issued in September 2018 and the new corporate bond issued in April 2019 as well as from the first time adoption of IFRS 16
- Lower **net result** due mainly to impairment losses and lower financial result in the current year and non-recurrence of positive non-recurring items of approx. €28 million from the full consolidation of former JV with BMW (SGL ACF) in the prior year period

[1]before non-recurring items of minus €81.0 million in 9M/2019 and €20.5 million in 9M/2018

Cash flow.

Improvement in free cash flow due to lower increase in working capital

Operating Cash Flow	Capex	Free Cash Flow cont.	Free Cash Flow disc.
€29.9m	€50.7m	€-9.6m	€-9.8m
>100% vs PY	+31% vs PY	+76% vs PY	>-100% vs PY

- **Cash flow from operating activities** improved significantly to €29.9 million from €7.6 million due to
  – The lower increase in working capital
  – A higher positive non-cash effect from IFRFS15 in the prior year result
- **Free cash flow** also improved significantly to close to break-even level due to
  – Improvement in operating cash flow
  – Lower cash outflow from investing activities despite significantly higher capex as prior year period included payment for German part of SGL ACF (Wackersdorf site)
- **Free cash flow from discontinued operations** included
  – Cash outflow relating to final settlement payments to the buyer of HITCO Aerostructures in the reporting period
  – Prior year benefited from cash inflow from the final outstanding payments for the sale of former PP activities

Balance sheet.

Financial ratios as of September 30, 2019 remain solid

Equity ratio	Net financial debt	Gearing	Leverage ratio
26.6%	€279.5m	0.68	2.2
690bps vs YE 2018	+15% vs YE 2018	+0.22 vs YE 2018	+0.3 vs YE 2018

- **Equity ratio** deteriorated mainly due to the lower net result impacted by the impairment and decreased equity from adoption of lower interest rates on pension liabilities. Positive effects from FX were not sufficient to compensate for these adverse effects
- Higher **net financial debt** primarily reflects final settlement payments to the buyer of HITCO Aerostructures, the small negative free cash flow, and incurred costs for the corporate bond issue

1 Results Q1/2019

2 Outlook 2019

Revised guidance 2019.
Reporting Segment CFM

CFM	
Revised guidance	**Previous guidance**
Recurring EBIT	**Recurring EBIT**
Negative mid to high single-digit million € amount	Positive mid single-digit million € amount
Due to continued weakness becoming apparent for Q4/2019, based on further weakening in the market segment **Textile Fibers** as well as the deteriorated economic environment in the market segment **Industrial Applications**	
In addition to the weakening economic environment, **Textile Fibers** is additionally burdened by structural issues	

Outlook 2019 for CFM.

Initiated countermeasures will enhance earnings in 2020

Year-on-year earnings decline mainly due to:

- Market segments **Industrial Applications** and **Textile Fibers**: performing significantly weaker than previously expected
- Market segment **Wind Energy:** Despite the strong growth, a substantial year-over-year earnings decline is also expected in this market segment due to the deteriorated product mix

Counter measures initiated, but anticipated to benefit earnings primarily in 2020:

- Reduction of staff in CFM by around 3%, whereas half of the reduction has already taken place (associated restructuring charges included in revised guidance)
- Accelerated conversion of textile fiber production lines into precursor production lines for carbon fiber production
- Product mix improvements in **Industrial Applications** and **Textile Fibers**
- Management changes implemented
- Selective price increases
- Operational excellence projects in production and administrative functions accelerated
- Growth in higher-margin **Aerospace** business to be accelerated

Outlook 2019.
Reporting Segments GMS and Corporate

GMS

Sales

Guidance slightly increased

Slight increase on prior year level which was boosted by positive IFRS 15 effects

EBIT[1]

Guidance slightly increased

- Slight increase compared to prior year which was boosted by positive IFRS 15 effects
- Q4: Anticipating somewhat lower volumes and measures to reduce inventory which decreases fixed cost absorption, but improves cash flow
- Target EBIT margin of 12% should again be exceeded, proving robust business model even in an overall soft economic environment

Corporate

EBIT[1]

Guidance slightly increased

Significant improvement due to

- Lower net expenses for Central Innovation due to substantially improved business with fuel cell components
- Lower expenses for management incentives following earnings decline in CFM and thus also in the Group
- And despite positive one-time gain of approx. €4million from land sale in the prior year

[1] before non-recurring items

Outlook 2019.
Group

Sales	EBIT[1]	Net profit	Capex	Net Debt
Guidance unchanged	**Guidance revised downwards**	**Guidance revised downwards**	**Guidance unchanged**	**Guidance unchanged**
Mid single-digit % increase compared to 2018 which was boosted by positive IFRS 15 effects	Revised to €45-50m from €55m due to weak performance in CFM, partially compensated by better than expected results in GMS and Corporate	• Net loss revised to approx. €100m from negative high single-digit amount mainly due to impairment losses • Prior year benefited from non-recurrence of positive non-recurring items of €28m from full consolidation of SGL ACF in 2018	Approx. €100 million	Mid double-digit €m increase[2]

Free Cash Flow

Guidance unchanged

Substantial improvement to negative low double-digit m€[2]

[1] before non-recurring items; [2]higher risk of non-attainment following significant earnings decline at CFM

Sneak preview on 2020.

- **Sales revenues to be slightly lower than 2019 level**
  - 2019 sales expected between €1.05 and €1.1bn

- **Recurring EBIT to be 10-15% lower than in 2019**
  - 2019 recurring EBIT expected between €45 and €50m

- Further details in January 2020 at the latest

Q & A

Appendix:
Latest results & outlook in detail

Composites – Fibers & Materials.

in € million	9M/2019	9M/2018
Sales revenue	328.6	323.9
EBITDA[1]	24.1	45.8
EBIT[1]	-1.8	20.9
EBIT[1]-Margin (in %)	-0.5	6.5
$ROCE_{EBIT}$ (in %)	-0.3	39.0

- **Sales revenue** in 9M/2019 slightly above prior year level (currency adjusted 1%)
  - Strong growth in market segment **Wind Energy** (albeit from a very low base) offset by market segments **Industrial Applications** and **Textile Fibers** (weakening global economy and structural reasons) as well as **Aerospace** (project billings skewed to H2/2019)
  - Remaining market segment **Automotive** approximately on prior year level
- **EBIT**[1] in Q3/2019 significantly declined compared to the first two quarters due to the deterioration in **Textile Fibers, Wind Energy and Industrial Applications**
- Overall **EBIT**[1] in 9M/2019 substantially below prior year level
  - Mainly due to earnings decline in market segments **Textile Fibers** (weak economic conditions and structural effects), **Wind Energy** (lower earnings despite higher sales due to unfavorable product mix), **Automotive** (temporary unfavorable product mix), **Aerospace** (different billing patterns)

[1] before non-recurring items of minus €81.0 million in 9M/2019 and €18.1 million in 9M/2018

Graphite Materials & Systems.

in € million	9M/2019	9M/2018
Sales revenue	471.3	436.8
EBITDA[1]	91.2	76.5
EBIT[1]	70.9	59.5
EBIT[1]-Margin (in %)	15.0	13.6
$ROCE_{EBIT}$ (in %)	16.9	16.0

- **Sales revenue in 9M/2019** up 8% (currency adjusted by 6%)
  - Substantial double-digit growth in market segments **Semiconductors, Automotive & Transport** and **LED**
  - Slight increase also in **Industrial Applications** and **Chemicals**
  - **Battery & other Energy** close to prior year level as expected
  - Sales to market segment **Solar** again limited to below prior year level as supply to **LED** and **Semiconductor** industries again prioritized
- **EBIT[1] in 9M/2019** increased by 19% and thus more than proportionately to sales to a record level
  - Due to improvements in most market segments
  - **Automotive & Transport** was able to improve earnings significantly in Q3 vs. the first half 2019 (reduced start-up costs), thus stabilizing earnings over the reporting period
  - Earnings in the market segment **Battery & other Energy** were also maintained close to the prior year level
  - **Solar** below prior year level due to shift of business to more profitable Semiconductor customers

[1] before non-recurring items of €0.6 million in 9M/2018

Corporate.

in € million	9M/2019	9M/2018
Sales revenue	32.5	25.6
- of which Central Innovation	*9.4*	*3.6*
EBITDA[1]	-8.1	-16.6
EBIT[1]	-14.9	-21.2
- of which Central Innovation	*-4.0*	*-6.1*

- Higher **sales revenue** resulting primarily from stronger demand in the market segment **Energy** relating to parts for fuel cell customers supplied by our central research and development department (Central Innovation)
  - Accordingly, sales revenue at Central Innovation more than doubled in the reporting period to €9.4 million
- **EBIT**[1] improved significantly compared to the prior year level – despite a €3.9 million one-time gain from a land sale in the prior year period
  - Lower expenses for management incentive plans mainly as a result of the weak performance in CFM and thus in the Group
  - Central Innovation net expenses of €4.0 million below prior year level of €6.1 million due to higher earnings contribution from business with parts for fuel cells

[1] before non-recurring items of €1.8 million in 9M/2018

Group.

in € million	9M/2019	9M/2018
Sales revenue	832.4	786.3
EBITDA before non-recurring items	**107.2**	**105.7**
EBIT before non-recurring items	**54.2**	**59.2**
$ROCE_{EBIT}$ (in %)	*4.7*	*6.1*
Non-recurring items	-81.0	20.5
EBIT	-26.8	79.7
Net financing result	-32.6	-21.3
Results from continuing operations before income taxes	-59.4	58.4
Income tax expense and non controlling interests	-14.7	-6.4
Result from discontinued operations, net of income taxes	-0.1	-4.0
Consolidated net result attributable to shareholders of parent company	**-74.5**	**47.7**

- **Recurring EBIT** declined by 8% to €54.2 million due to gain from a land sale in prior year period (impact of €3.9 million in Q1/2018). Excluding this effect in the prior year period, EBIT would have been nearly stable as higher earnings contribution from GMS and lower expenses in Corporate almost entirely compensated for lower CFM contribution
- **Net financing result** deteriorated mainly due to the one-time expense of €6.3 million for the repurchase of the convertible bond 2015/2020 as well as due to higher interest expenses from new convertible bond issued in September 2018 and the new corporate bond issued in April 2019 as well as from the first time adoption of IFRS 16.
- Lower **net result** due mainly to impairment losses and lower financial result in the current year and non-recurrence of positive non-recurring items of approximately €28 million from the full consolidation of former JV with BMW (SGL ACF) in the prior year period

Free cash flow.

in € million (continuing operations)	9M/2019	9M/2018
Cash flow from operating activities	29.9	7.6
• Capital expenditures in property, plant, equipment and intangible assets	-50.7	-38.7
• Cash flow from other investing activities[1]	11.2	-8.8
Cash flow from investing activities	-39.5	-47.5
Free cash flow	-9.6	-39.9
Free cash flow from discontinued operations	-9.8	58.6

- **Cash flow from operating activities** improved significantly to €29.9 million from €7.6 million due to
  - The lower increase in working capital
  - A higher positive non-cash effect from IFRFS15 in the prior year result
- **Free cash flow** also improved significantly to close to break even level due to
  - Improvement in operating cash flow
  - Lower cash outflow from investing activities despite significantly higher capex as prior year period included payment for German part of SGL ACF (Wackersdorf site)
- **Free cash flow from discontinued operations** included
  - Cash outflow relating to final settlement payments to the buyer of HITCO Aerostructures in the reporting period
  - Prior year benefited from cash inflow from the final outstanding payments for the sale of former PP activities

[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	30.09.2019	31.12.2018
Equity ratio (in %)	26.6	33.5
Total liquidity	146.7	181.6
Net financial debt	279.5	242.2
Gearing (net debt/equity)	0.68	0.46
Leverage ratio (net debt/EBITDA)	2.2	1.9

- **Equity ratio** deteriorated mainly due to the lower net result impacted by the impairment and decreased equity from adoption of lower interest rates on pension liabilities. Positive effects from FX were not sufficient to compensate for these adverse effects
- Higher **net financial debt** primarily reflects final settlement payments to the buyer of HITCO Aerostructures, the small negative free cash flow, and incurred costs for the corporate bond issue

Reporting segment outlook 2019.

CFM – guidance revised downwards significantly

- Slight **increase** in **sales** expected mainly driven by market segment **Wind Energy**
- **FY2019 guidance** for recurring **EBIT** now negative mid to high single digit million € amount due to
  - Continued weakness becoming apparent for Q4/2019 in the market segments **Textile Fibers** and **Industrial Applications**
  - Despite the strong growth in the market segment **Wind Energy**, a substantial year-over-year earnings decline is also expected in this market segment due to the deteriorated product mix.

Reporting segment outlook 2019.
GMS – guidance revised upwards slightly again

- **Sales** expected to increase slightly on prior year level which was boosted by initial adoption of IFRS 15
  - Mainly driven by market segments **Semiconductors** and **Automotive & Transport**
- Due to strong 9M/2019, we now expect **FY 2019 EBIT** to slightly increase
  - Prior year level was also boosted by initial adoption of IFRS 15
  - Lower shipments planned for Q4/19 as well as measures to reduce inventory, which decreases fixed cost absorption but improves cash flow
- **ROS_{EBIT}** target of 12% should again be exceeded in this business unit and thus **stability of GMS' business model** proven in a weaker overall economic environment

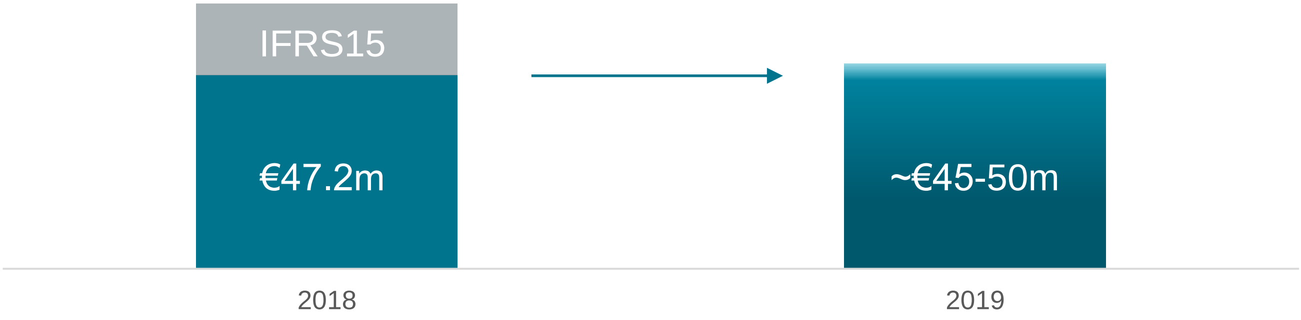
Reporting segment outlook 2019.

Corporate – guidance revised upwards slightly again

- **Recurring EBIT** anticipated **substantially better than** prior year level mainly due to
  - Lower net expenses in Central Innovation resulting from much stronger business development in fuel cell components
  - Lower expenses for management incentive plans following results decline in CFM and thus also at Group level
- Significant improvement in recurring EBIT expected despite prior year benefiting from a €3.9 million **one-time impact** from a land sale in Q1/2018

Group outlook 2019. Guidance for recurring EBIT revised downwards

- Full year **Group sales** expected to increase mid single-digit mainly driven by volume increases
  - Despite weakening of overall economic environment
  - Prior year boosted by high effects from initial adoption of IFRS 15
- **Group recurring EBIT** expected at €45-€50m compared to prior year level which was boosted by positive IFRS 15 effects
  - Adjusted for effects from initial adoption of IFRS 15, Group EBIT in 2019 is approx. on the same level as in 2018



Group outlook 2019. Adverse impact on net profit guidance due to lower outlook for CFM and impairment losses

- **Net result – continued operations** now expected at approx. negative €100m (2018: €41m)
  - Prior year included a high positive one-time effect of €28m from the full consolidation of SGL ACF
  - Current year includes approx. €75m impairment losses at CFM and approx. €7m DTA write-offs
  - In addition, we expect substantially higher interest cost in net financial results mainly from the corporate bond issue in April 2019
- **Capex** 2019 to increase compared to prior year to approx. €100m
- Substantial improvement in negative **free cash flow** from continued operations to a low double-digit m€ amount expected mainly due to working capital improvement and despite higher capex and higher interest costs – i.e. **free cash flow positive** on normalized capex levels
- **Net debt** at end 2019 to increase by a mid double-digit m€ amount
- **Net debt** and **free cash flow** target attainment could be slightly affected by earnings decline in CFM

Sneak preview on 2020.

- **Sales revenues to be slightly lower than 2019 level**
  - 2019 sales expected between €1.05 and €1.1bn
- **Recurring EBIT to be 10-15% lower than in 2019**
  - 2019 recurring EBIT expected between €45 and €50m
- Further details in January 2020 at the latest

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.