Investor & Analyst Conference Call

Wiesbaden
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Dr. Torsten Derr (CEO) and Dr. Michael Majerus (CFO)

1 New CEO
Introduction and First Impressions

2 Results H1/2020

3 Introducing new outlook 2020

New CEO Dr. Torsten Derr.

- Born and raised in Bremen, northern Germany
- Studied and completed PhD in Chemistry in Bremen
- Started professional career at Bayer AG as laboratory manager. 10 years in total at Bayer AG in various roles
- Further 10 years at Lanxess AG in different operational and administrative positions
- Most recently CEO of Saltigo GmbH, subsidiary of Lanxess AG, producing precursors for pharmaceutical and agricultural products
- Overall 23 years experience in technology focused industries, of which 15 years with P&L responsibility
- "SGL Carbon and I are a good fit, I know how to manage technology focused businesses with an appropriate cost structure and a clear focus on market requirements"

My first impressions of SGL Carbon.

Strengths

- Experienced and highly committed team with outstanding expertise
- Competence in relevant technologies focusing on innovative & sustainable solutions
- Exposure to markets with structural growth perspectives
- No maturities of financial instruments until September 2023
- Strong anchor shareholders

Challenges

- Covid-19 impact
- Repeated disappointments of expectations
- Administrative set-up seems too large for size of business
- Complex structures and processes
- Necessity to lower cost base

My management principles

Business first

Keep it simple

Deliver on promises

Act fast & think different

My priority is on structural profitability improvement.

- Corona pandemic increases urgency to change
- Comprehensive analysis of every business, every site and every corporate function
  - Begin by taking a closer look at our – in my initial opinion – overly complex structure and at our cost drivers
- Review the strategy – is it still valid in a post-Covid-19 world or does it need to be re-aligned
- Then identify options for increasing our profitability sustainably, such as
  - Businesses to receive more direct p&l accountability
  - Right-size and cost-optimize corporate function services to business needs
- Adjust and simplify structures and streamline processes

Goal is to achieve lasting financial stability and success with SGL Carbon

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Composites – Fibers & Materials. Negative Covid-19 impact in Q2/2020 and approx. €4m lower earnings from At-Equity accounted investments

in € million	H1/2020	H1/2019	Δ
Sales revenue	185.7	219.4	-15%
EBITDA[1]	16.0	19.9	-20%
EBIT[1]	1.8	2.8	-36%
EBIT[1]-Margin (in %)	1.0	1.3	-
$ROCE_{EBIT}$[1] (in %)	-1.5	0.9	-

- Material impact from Covid-19 pandemic in Q2/2020 – sales down 22% YoY, EBIT slightly negative
- **Sales revenue** in H1/2020 down 15% (currency adjusted minus 16%)
  - Strongest % decline as expected in market segment **Textile Fibers** due to idling of two acrylic fiber lines and conversion of one acrylic fiber line to precursor (part of earnings improvement measures initiated at the end of 2019)
  - Corona-related negative developments market segments **Automotive** and **Aerospace**
  - Sales doubled in **Wind Energy** – stronger growth than initially expected
  - Sales in **Industrial Applications** relatively stable
- **EBIT**[1] in H1/2020 declined due to the Corona-related slight loss in Q2/2020
  - Substantially improved results in the wind energy business more than offset by approximately €4 million lower earnings contribution from At-Equity accounted investments (Ceramic Brake Discs directly impacted by production curtailments of European automotive OEMs)
- Negative **ROCE** in reporting period results from calculation method employing recurring EBIT for the last twelve months

[1] before non-recurring items of minus €5.1 million in H1/2020 and minus €4.3 million in H1/2019

Graphite Materials & Systems. Negative Covid-19 impact in Q2/2020

in € million	H1/2020	H1/2019[1]	Δ
Sales revenue	258.0	325.8	-21%
EBITDA	38.6	63.1	-39%
EBIT	24.3	50.0	-51%
EBIT-Margin (in %)	9.4	15.3	-
$ROCE_{EBIT}$ (in %)	11.2	17.0	-

- Material impact from Covid-19 pandemic in Q2/2020 – sales down 23% YoY, EBIT down 47% YoY
- **Sales revenue in H1/2020** down 21% (no material currency impact)
  - All market segments declined compared to the prior year period except **Semiconductors**, which continued to grow low double-digit
- **EBIT in H1/2020** decreased more than proportionately by 51% from the record level in the prior year
  - IRFS 15 effect alone contributed €9 million to the earnings decline
  - In line with sales revenue development, almost all markets segments posted lower earnings compared to the prior year period
  - Earnings in market segment **Automotive & Transport** stable despite lower sales revenues due to productivity improvements

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

Corporate. EBIT on prior year level despite reduced revenues and slightly higher R&D expenses

in € million	H1/2020	H1/2019[1]	Δ
Sales revenue	12.8	16.3	-21%
- of which Central Innovation	*0.6*	*0.6*	*0%*
EBITDA	-10.5	-9.9	-6%
EBIT	-15.3	-15.0	-2%
- of which Central Innovation	*-5.5*	*-4.8*	*-15%*

- **Sales revenue** declined by 21% (no currency effect) due to reduced services provided to divested business units (former Business Unit Performance Products resp. PP)
- **EBIT** on prior year level despite reduced revenues and slightly higher R&D expenses (Central Innovation)

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

Group. Despite improved net financing result, significant EBIT decline leads to loss in net result

in € million	H1/2020	H1/2019	Δ
Sales revenue	456.5	561.5	-19%
EBITDA before non-recurring items	**44.1**	**73.1**	**-40%**
EBIT before non-recurring items	**10.8**	**37.8**	**-71%**
$ROCE_{EBIT}$ (in %)	*1.7*	*4.6*	-
Non-recurring items	-5.1	-4.3	-19%
EBIT	5.7	33.5	-83%
Net financing result	-15.8	-18.7	15%
Results before income taxes	-10.1	14.8	>-100%
Income tax expense, non controlling interests, results from discontinued activities	-3.7	-4.7	21%
Consolidated net result attributable to shareholders of parent company	**-13.8**	**10.1**	**>-100%**

- **Group sales revenue** and **recurring EBIT** development described on prior pages
- **Net financing result** improved due to
  - Absence of interest expenses for the 2015/2020 convertible bond included in the previous year
  - Lower interest expenses for pensions in the current year
  - And despite the deterioration in the other financial result mainly relating to the negative fair market valuation of the redemption option in the corporate bond
- Lower **net result** due to Corona pandemic related significantly reduced EBIT and despite improved net financing result

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

in € million (continuing operations)	H1/2020	H1/2019
Cash flow from operating activities	40.8	15.4
• Capital expenditures in property, plant, equipment and intangible assets	-19.9	-33.6
• Cash flow from other investing activities[1]	5.7	9.0
Cash flow from investing activities	-14.2	-24.6
Free cash flow	26.6	-9.2
Free cash flow from discontinued operations	-2.3	-9.9

- **Cash flow from operating activities** improved significantly to €40.8m from €15.4m despite lower earnings primarily due to no significant increase in working capital in contrast to usual seasonal patterns
- **Free cash flow from continuing operations** also improved significantly to €26.6m from minus €9.2m in the prior year
  – Substantial improvement in operating cash flow
  – Significantly lower capex (-40%) as we push back some expenditures 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

[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. Financial ratios as of June 30, 2020 remain solid

in € million	30.06.2020	31.12.2019
Equity ratio (in %)	27.3	27.8
Total liquidity	153.9	137.1
Net financial debt	276.2	288.5
Gearing (net debt/equity)	0.69	0.69
Leverage ratio (net debt/EBITDA)	3.03	2.40

- **Equity ratio** remained almost stable as the lower equity resulting from the negative net result was balanced by lower total assets
- In contrast to normal seasonal patterns we were able to increase **liquidity** to nearly €154m at the end of H1/2020 compared to approx. €137m at year-end 2019 – despite substantial adverse pandemic-related effects in operations and business development in Q2/2020, liquidity did not decrease during Q2/2020
- Improvement in **net financial debt** primarily attributable to positive free cash flow from continuing operations of €26.6m
  - slightly offset by repayments for lease liabilities of €11.6 million and payments for discontinued operations of €2.3 million

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Update on Covid-19 impact on our operations.

- SGL has successfully implemented **Corona countermeasures early** to prevent a Corona virus spread within the organization and the sites
- Currently SGL Carbon has 6 infected employees (5 in EU, 1 in US) and 36 employees are in preventive quarantine.
- Since the beginning of the outbreak, a total of 37 employees are or had been infected by Corona, thereof 31 already recovered
- All sites have now resumed operations, thereof 12 with reduced capacity utilization and short-time work in the range of 40 – 80%

We introduce new guidance for FY2020.

- 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
- Global economy remains **fragile** and continues to be dominated by **Covid-19**
- Nevertheless, expectations for **H2/2020** are becoming more and more **consistent**
- Therefore we introduce a **new guidance for FY2020** based on certain assumptions
- These assumptions exclude, above all, a “second wave” of Covid-19 infections and far-reaching lockdown measures in FY2020

Reporting segment outlook FY2020.
CFM

- **Sales revenues** to decline by approximately 10%
  - Due to earnings improvement measures in **Textile Fibers** (conversion of one line to precursor for carbon fiber production and idling of two lines to save costs) and Covid-19-driven demand decline from **Automotive** industry
  - Partially compensated by strong demand increase in market segment **Wind Energy** and growth in **Aerospace**

  - Comparison to pre-Covid-19-guidance (approx. stable sales revenues): Deterioration in all market segments with exception of **Wind Energy**, where growth was stronger than anticipated

- **Operating recurring EBIT expected to improve close to break-even level**
  - New guidance close to pre-Covid-19-outlook (turnaround and slightly positive EBIT)
  - We were able to limit the negative earnings effects of the pandemic-driven lower sales revenues with personnel measures such as short-time work as well as various spending reductions and postponements
  - Additionally, earnings improvement measures implemented in **Textile Fibers** business in H2/2019 as well as price increases in **Wind Energy** business implemented early 2020 will contribute to the earnings improvement compared to the prior year

Reporting segment outlook FY2020.
GMS and Corporate

GMS

- **Sales revenues** now expected to decline by approximately 20% due to weaker demand in all market segments with exception of **Semiconductors**, which is expected more or less on prior year level
  - Comparison to pre-Covid-19-guidance (high single-digit percentage decline):
    - Mainly due to weakness in the more cyclical business with the **Chemical** industry and with **Industrial Applications**
    - Lower sales revenue expectations also in other market segments with exception of **Battery & other Energy**
- **Operating recurring EBIT** expected to decline by at least 50% YoY
  - Comparison to pre-Covid-19-guidance (decline of approximately 20%): stronger decline anticipated now due to the reduced sales revenue expectations as described above and the resulting substantially lower capacity utilization

Corporate

- Expected substantial deterioration in **operating recurring EBIT** can mainly be attributed to
  - expected higher consulting costs in the reporting period
  - prior year benefiting from one-time gains from services provided to the buyer of the former PP-activities
- No change to pre-Covid-19 guidance

Group outlook FY 2020. Despite Covid-19 related lower operating result, net profit & net debt guidance remains unchanged to pre-Covid-19 outlook

- Full year **Group sales** to decline by 15-20% YoY; full year **operating Group recurring EBIT** expected slightly positive
- **Group recurring EBIT** expected to be positively impacted by one-time gains in the magnitude of a low double digit m€ amount (expected to be booked mainly in Q3/2020)
  - Relating to funding options independent of the capital markets, as announced earlier this year, some of which are far advanced and in some cases even completed
- As a result, we are able to more or less confirm our pre-Covid-19 guidance for **net result from continuing operations** in a negative low double digit m€ amount despite a deteriorated operating result expectation
- **Capex** further reduced to approx. €60m (pre-Covid-19 guidance: €70-80m) to reflect lower operating income and in the context of a conservative free cash flow management
- **Net debt** at YE 2020 to increase by a mid double-digit m€ amount due mainly to the payment of the purchase price for SGL Composites USA (USD 62 million)
  - Net debt guidance unchanged to pre-Covid-19 outlook thanks to above mentioned funding options
- **Liquidity** position at YE 2020 thus remains comfortable despite the planned purchase price payment
- In addition, we continue to have access to the **syndicated loan** of €175m, which remains undrawn

Q & A

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.