



sgl carbon

9M 2021 results

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Wiesbaden | November 11, 2021



Agenda

1. Recent Developments
2. 9M 2021 Results
3. Outlook 2021
4. Summary
5. Backup

1 Recent Developments

„Business remains stable despite increasing challenges“

9M 2021: Significant year-on-year increase in business supported by transformation success

Financials

743.5 mEUR
Group sales. 8.8% up –
driven by rising demand
in our key markets

Equity Ratio
at **22.7%**
(31.12.2020:
17.5%)

Significant
recovery of
EBITDApre with
increase of 40.3
mEUR (+59.1%) to
108.5 mEUR

191.6 mEUR
net financial debt
Further reduction
by 33.1% since
YE2020

Business

**Restructuring
program**
successfully on
track

Encouraging
development in
**LED and
semiconductors**
business

**Price increases
& availability** for
raw materials,
energy and
transport

Chip shortage in
automotive
shows little
impact -
but potential risk

Outlook

Despite increasing
challenges, **confirmation
of sales and earnings
forecast**

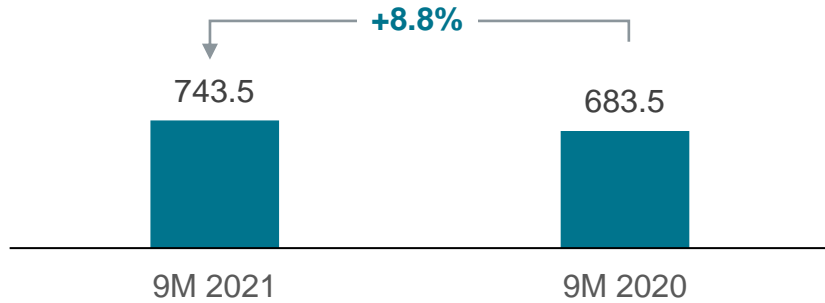
Guidance:
EBITDApre between 130 –
140 mEUR and **sales** of
approx. 1 bnEUR expected

2 9M 2021 Results

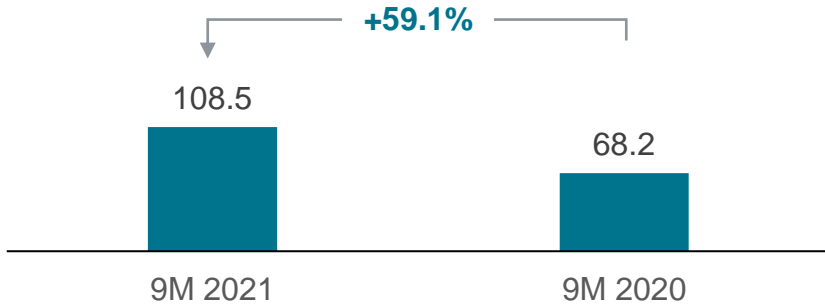
“Q3 with stable business development”

SGL Carbon – Profitability improvement higher than sales growth

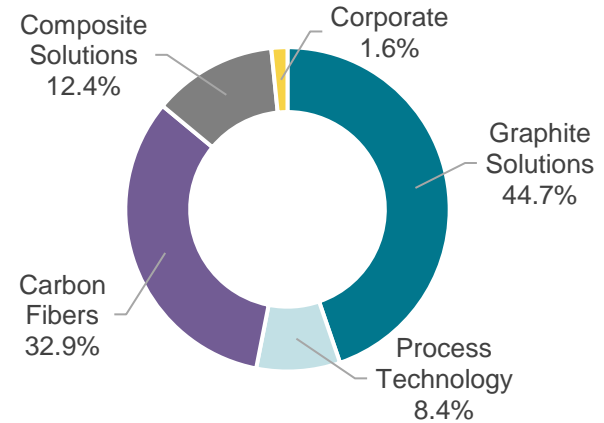
Sales (in mEUR)



EBITDApre (in mEUR)



Sales Split (in %)



Key developments

- Significant sales plus in CS (+31.3 mEUR), GS (+24.7 mEUR) and CF (+21.4 mEUR)
- Sales growth and transformation achievements lead to strong earnings improvement

SGL Carbon – Recovery in most of our key markets

Graphite Solutions



Semiconductor

Continued high demand – strong growth potential



Automotive & Transport

Rising and satisfactory demand



Battery Materials

Dynamic market development – mid-term potential



Solar

Opportunistically declining



Industrial Applications

Late cyclical – limited recovery

Process Technology



Chemicals

Late cyclical recovery. Order intake in Europe and Asia recovering, North America still weak

Carbon Fibers



Automotive

Recovering demand and stable sales q-o-q despite production slowdowns at customer level



Wind energy

Lower due to opportunistic sales of carbon fibers to other market segments, but high growth potential.



Textile Fibers

Sales increase due to volume and price effects



Industrial Applications

Increasing demand

Composite Solutions



Automotive

Dynamic growth and increasing potential for large scale solutions



Aerospace

Slightly above expectations, but still difficult industry situation

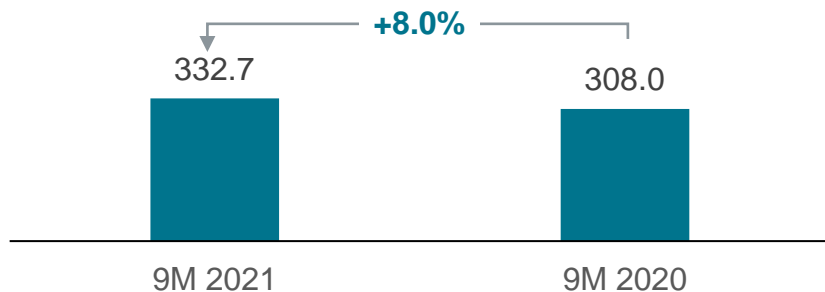


Industrial Applications

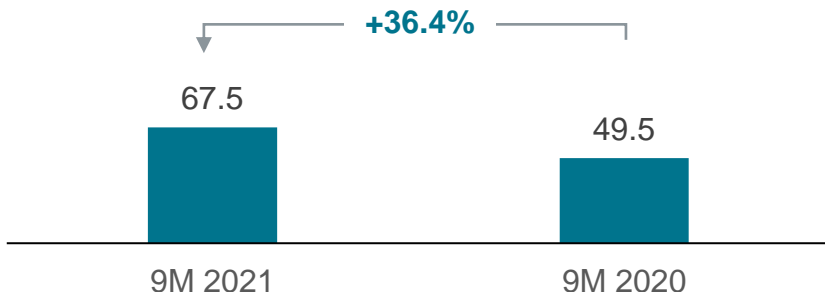
Not yet back to pre-Corona-level

Graphite Solutions (GS) – Semiconductor strong

Sales (in mEUR)



EBITDApre (in mEUR)



Key developments

Sales

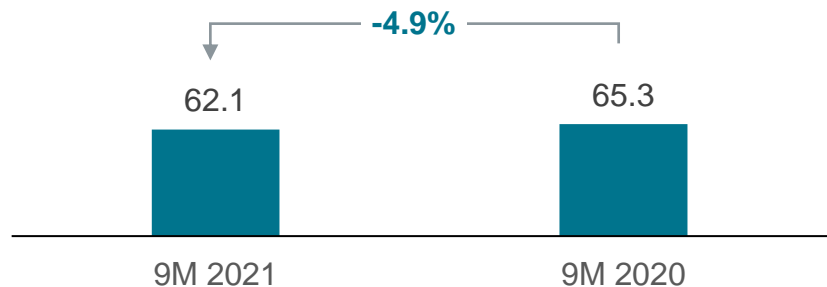
- Semiconductor sales increase by 30% yoy
- Battery Material sales increase dependent on development speed of the European battery market
- Industrial still weak (late-cyclical business), but recovering

EBITDApre

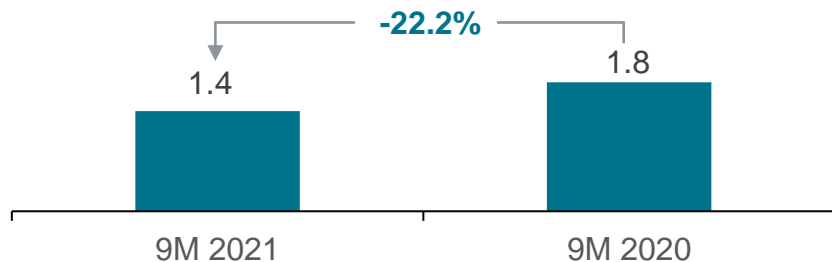
- Positive effects due to savings and higher utilization
- Slight negative effect due to higher labor costs (capacity peaks) and raw material prices

Process Technology (PT) – Demand remains unsatisfactory

Sales (in mEUR)



EBITDApre (in mEUR)



Key developments

Sales

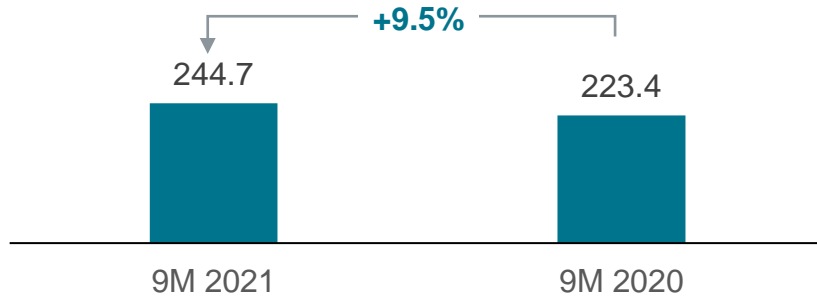
- Pandemic-related sales decline in last quarters
- Demand from chemical industry remains weak
- Strong order intake in Europe and Asia not able to compensate weak order situation in North America
- Partial delays due to raw material availability

EBITDApre

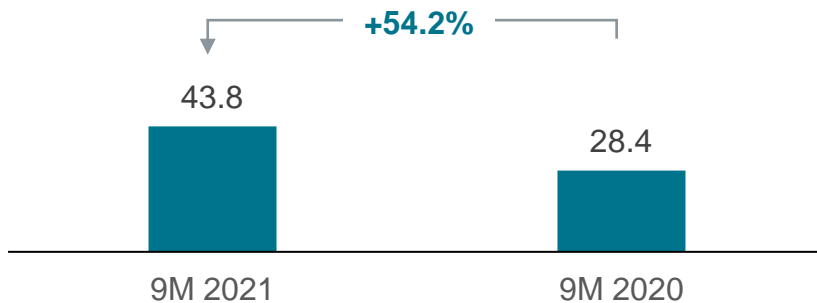
- Low utilization and rising raw material costs (e.g. steel)

Carbon Fibers (CF) – Strong profitability improvement

Sales (in mEUR)



EBITDApre (in mEUR)



Key developments

Sales

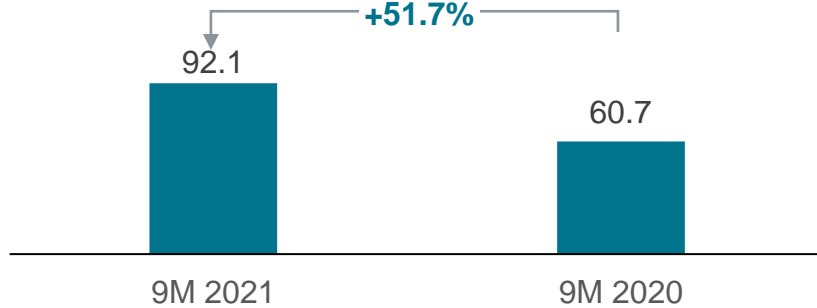
- Strong topline due to higher demand from automotive, but potential risk from production slowdowns
- Rising demand from wind industry cannot be fully served at present for capacity reasons

EBITDApre

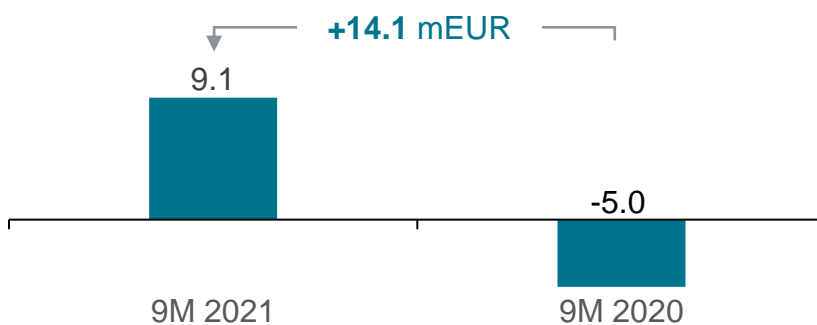
- EBITDApre up 54.2%
- High-energy business: partial transfer of energy cost increases to customers, further initiatives established
- Improved asset utilization at reduced cost
- Results BSCCB JV 12.0 mEUR (9M 2020: 4.9 mEUR)

Composite Solutions (CS) – Strong growth driven by automotive

Sales (in mEUR)



EBITDApre (in mEUR)



Key developments

Sales

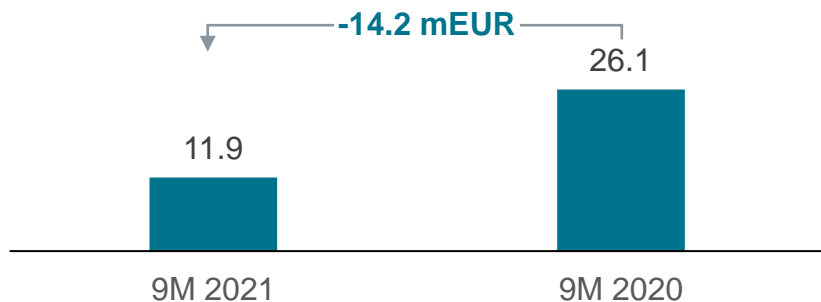
- Leave springs and new projects like battery cases for automotive boost sales
- Pandemic-related catch-up effects

EBITDApre

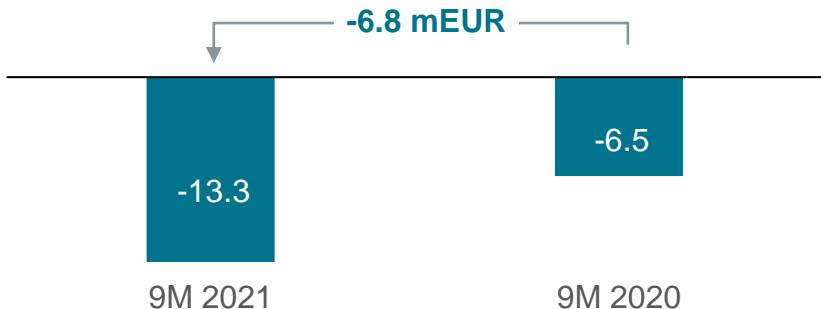
- Higher capacity utilization, automatization and cost savings drive earnings
- Focus on high margin products

Corporate – Transformation into internal service provider

Sales (in mEUR)



EBITDApre (in mEUR)



Key developments

Sales

- Prior year positively affected by termination fee (Showa Denko)
- Lower services to divested businesses
- Lower rental income due to sale of land and buildings not used for operations

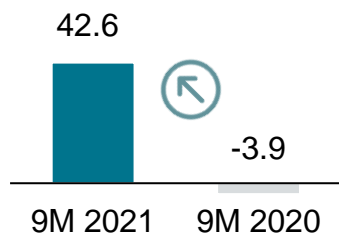
EBITDApre

- One-off restructuring expenses
- Loss of 14.2 mEUR revenues could not be completely offset by 7.4 mEUR savings from transformation

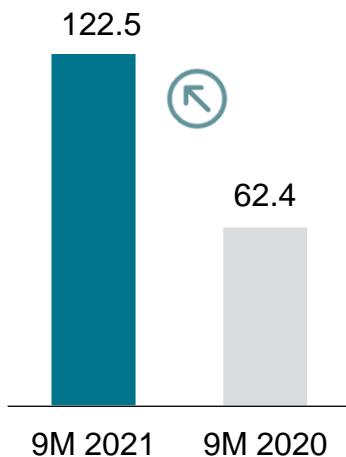
Focus on bottom line & cash pays off

Key figures (in mEUR)

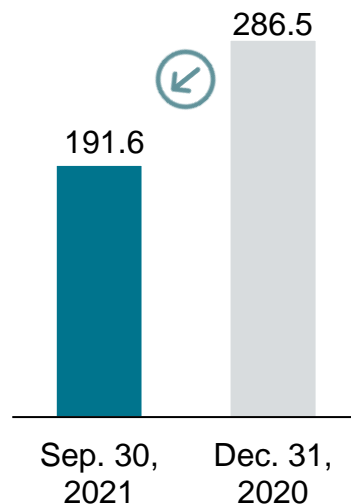
Net result



Free cash flow (FCF)*



Net financial debt



Key developments

Net result clear turnaround

FCF increased 60.1 mEUR vs. Q3 2020
- op. CF at 101.3 mEUR (+13.8 mEUR)
- inv. CF at 21.2 mEUR (+46.3 mEUR)
(including inflow from land sales and BSCCB dividend)

Net financial debt decreased by -33.1%
- positive cash flow of 95.0 mEUR

Equity ratio increased 5.2 ppt to 22.7%

ROCE with 6.4% significantly improved
(9M 2020: 0.9%)

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

3 Outlook 2021

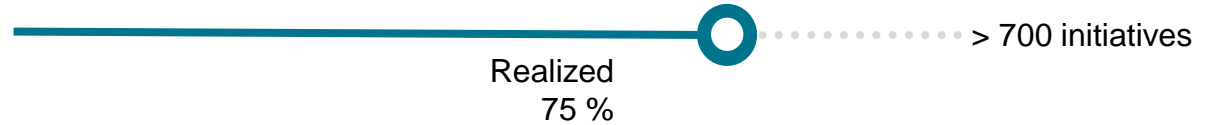
**“Solid - based on existing business
- no castles in the air“**

Transformation program on track and continued

Status end of 9M 2021

Transformation targets until end of 2023

Implementation of initiatives



Savings

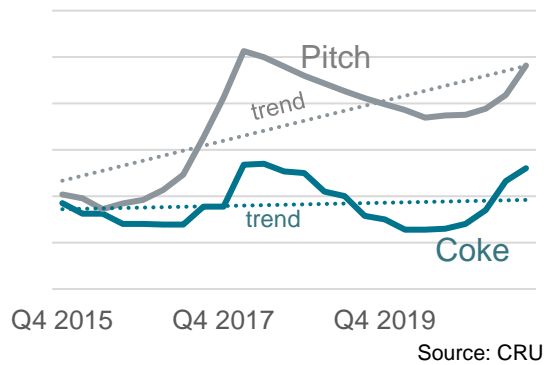


Headcount reduction



Input costs rising strongly

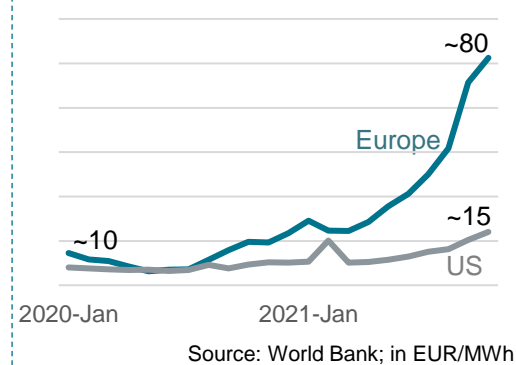
Coke & Pitch price



Global container freight rates



Natural gas price



Key developments

- Pitch price trend increasing
- SGL benefits from long-term contracts

- Container rates quintupled since early 2020
- Availability volatile

- Significant natural gas price hike in Europe
- Strong efforts to pass-over to customers

SGL Carbon counters challenges with margin over volume strategy

Challenge

1

Automotive – Chip shortage

- Utilization reduced, but still on high level

Challenge

2

Raw material prices & availability

- Critical availability of raw materials
- Price increases in all business units to compensate higher costs

Challenge

3

Energy (electricity & natural gas)

- 2021 well equipped with energy hedges
- Acrylic fiber production in Portugal reduced due gas prices

Challenge

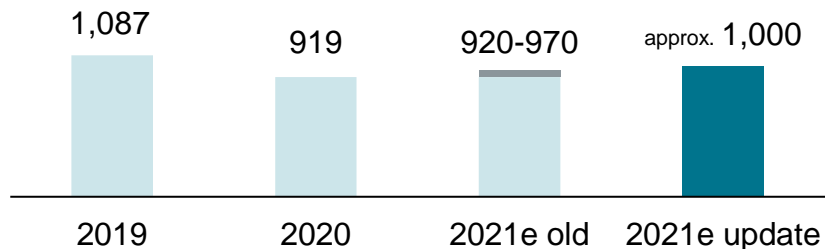
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Expiry of BMW i3 contract in 06/2022

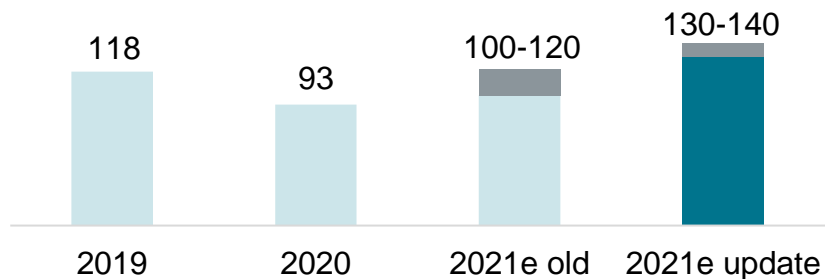
- As expected & planned
- BMW i3 carbon fiber to be replaced by lower margin wind energy business & cost reduction

Sales and earnings outlook 2021 confirmed

Sales (in mEUR)



EBITDApre (in mEUR)



Key drivers and effects

Sales

- Focus on improvement of existing businesses
- Production slowdowns in automotive industry
- Growth potential in semiconductor industry
- High utilization of CF capacities due to i3 contract block expansion of capacities dedicated to wind energy

EBITDApre

- Successful implementation of transformation program and strict cost management
- Margin over volume strategy
- Potential cost pressure due to high prices for raw materials, energy and transportation

4 Summary

“Stable in increasing headwinds”

Summary of the first nine months of 2021

1. Successful transformation supporting positive earnings development
2. Pick-up in demand particularly from automotive and semiconductor leads to better capacity utilization and cost degression effects
3. Higher prices for raw materials, energy and transport impact Q3 2021. Initiatives implemented to pass on price increases to customers
4. Margin over volume strategy
5. Improved liquidity results in lower net financial debt (-94.9 mEUR vs.2020)

Q&A

We are looking forward to your questions

Financial calendar and IR contact details

Financial calendar

March 24, 2022

- Report on fiscal year 2021
- Conference call for analysts and investors

May 5, 2022

- Quarterly statement as of March 31, 2022
- Conference call for analysts and investors

May 17, 2022

- Annual General meeting

August 4, 2022

- Report on the first Half Year 2022
- Conference call for analysts and investors

November 3, 2022

- Statement on the nine months 2022
- Conference call for analysts and investors

Contact

Investor Relations

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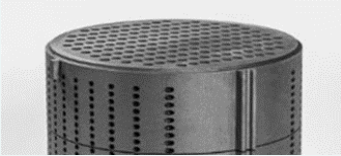

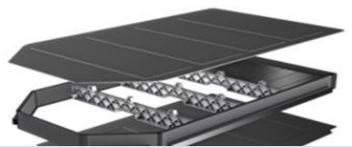
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www.sglcarbon.com

5 Backup

Outlook on Business Unit level unchanged

	Graphite Solutions	Process Technology	Carbon Fibers	Composite Solutions
				
Sales	slight increase	stable	significant increase <i>(prev.: stable)</i>	significant increase
EBITDApre	significant increase	stable	significant increase <i>(prev.: slight increase)</i>	significant increase <i>(prev.: slightly positive)</i>
Growth & profitability driver	<ul style="list-style-type: none"> ▪ Automotive ▪ Semiconductors ▪ Graphite for Lithium-Ion Batteries 	<ul style="list-style-type: none"> ▪ Catch-up demand in the chemical industry 	<ul style="list-style-type: none"> ▪ Wind energy ▪ Recovery Automotive 	<ul style="list-style-type: none"> ▪ Automotive ▪ Electromobility

Net result turned positive

Group income statement (in mEUR)

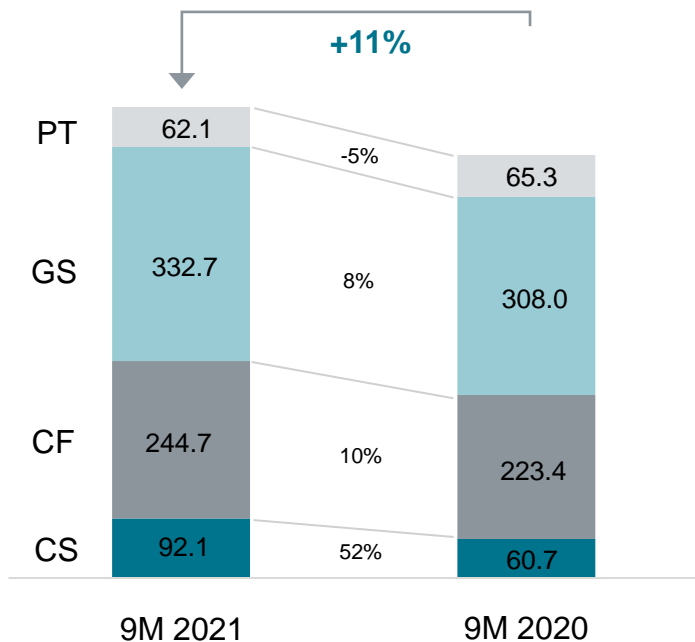
	9M/2021	9M/2020
Sales	743.5	683.5
EBITDApre	108.5	68.2
EBITpre	65.6	16.1
Exceptionals	6.2	8.7
EBIT	71.8	24.8
Financial result	-21.5	-23.4
Results from continuing operations before income taxes	50.3	1.4
Income tax expense and non controlling interests	-7.7	-5.3
Net result attributable to shareholders	42.6	-3.9

Key developments

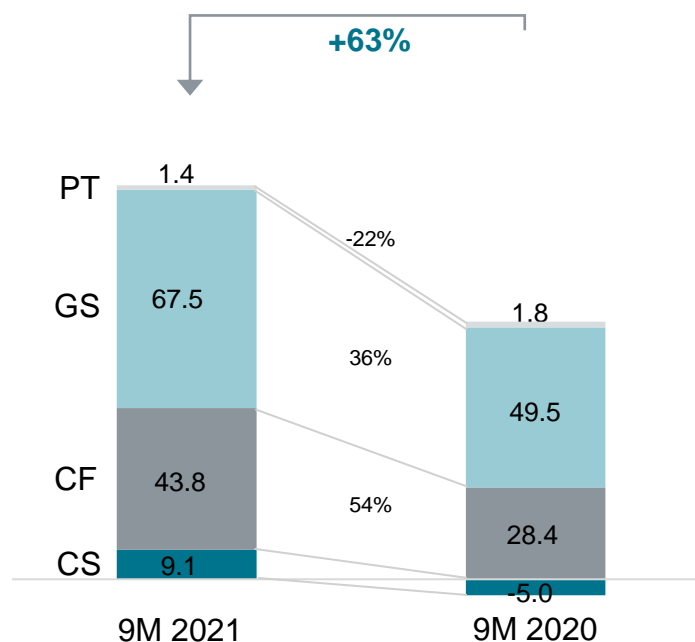
- Sales +8.8%
 - Recovery of demand in key markets
- EBITDApre +59.1%
 - Higher sales, higher utilization
 - Product mix
 - Success transformation program
- EBITpre quadrupled
- Net result turned significantly positive

Business unit performance 9M 2021 vs. 9M 2020

Sales* (in mEUR)



EBITDApre* (in mEUR)



*Without Corporate Business Unit

Getting better and better step-by-step

Key figures and ratios (in mEUR)

	30.09.2021	31.12.2020
Equity ratio (in %)	22.7	17.5
Total liquidity	236.8	141.8
Net financial debt	191.6	286.5
Leverage ratio (net debt/EBITDApre)	1.4	3.1

	9M 2021	9M 2020
ROCE _{EBITpre} (in %)	6.4	0.9

Cash flow (in mEUR)

	9M 2021	9M 2020
Cash flow from operating activities	101.3	87.5
<i>Capex</i>	-25.4	-33.2
Cash flow from investing activities	21.2	-25.1
Free cash flow (continuing operations)	122.5	62.4

Key developments

- Balance sheet solid
- Decreased net financial debt due to increased liquidity
- Equity ratio increases by 5.2 ppt
- ROCE improved significantly
- Capex below previous year
- Dynamic FCF development supported by land sales (30.6 mn €)

SGL Carbon to report EBIT / EBITDApre (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



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.