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Transformation of SGL Group making significant progress

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Conference Call with Investors and Analysts
October 20, 2016

Agenda

We made substantial progress in the PP disposal process:

- Sale of GE to Showa Denko signed today
- Sales process for CFL/CE will be continued early next year

Delivering on strategy

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**We made substantial
progress in the PP disposal
process**

Strategic objectives of the PP disposal.



- Stop SGL Group's financial exposure to the cyclical graphite electrode (GE) business
- Generate cash proceeds from divesting PP in order to de-leverage the Group's balance sheet
- Find an appropriate strategic home for the PP/GE business that allows the unit to continue operating under a new umbrella with promising prospects
- Protect the legitimate interests of all stakeholders involved in the transaction to the highest extent reasonably possible
- Achieve a clear cut from the PP/GE business that puts the remaining SGL Group in the position to focus its resources on the growth areas GMS and CFM
- Strive for a quick transaction, i.e. signing of SPA* in Q4-2016
- In the recent weeks, it became evident that we could maximize our proceeds in two separate transactions, one for GE and another one for the remaining business, i.e. cathodes, furnace linings and carbon electrodes (CFL/CE)
- We therefore decided to first focus on the finalization of the negotiations for the sale of GE

* SPA = Sale and Purchase Agreement

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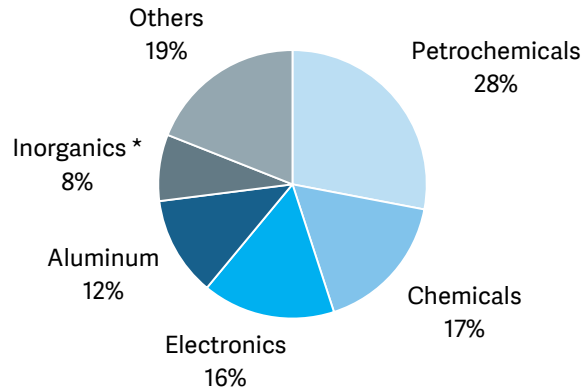
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**Sale of GE to Showa Denko
signed today**

Showa Denko (SDK) is a Japanese industrial conglomerate. GE considered core business

KPIs (as of Dec 2015)

- **Sales:** 781bnJPY (~7bnEUR)



- **Operating profit:** 34bnJPY (~0.3bnEUR)
- **Cash:** 64bnJPY (~0.6bnEUR)
- **Number of employees:** 10,561

Source: SDK Website

Strategic focus

- End of 2015, SDK announced a new mid-term business plan "Project 2020+"
- Focus of "Project 2020+" is to position SDK as supplier of "high value-added products" addressing global megatrends**
- Key quotes from "Project 2020+" with reference to graphite electrodes:
 - "We will further strengthen earning power of our existing businesses by reforming business models, and also promote M&A"
 - "Higher ratio of overseas sales" targeted
 - "Actively take part in a reorganization of the graphite electrodes industry"

*The segment "Inorganics" includes graphite electrodes as major business line with three product sites (Omachi/JP, Ridgeville/US, Sichuan JV/China)

**Such as climate change, depletion of natural resources, urbanization

Overview of major cornerstones of the agreement with Showa Denko.



- Enterprise Value of 350 m€ (cash and debt free) translates into cash proceeds of at least 200 m€ (after deduction of standard debt-like items such as pension and restructuring provisions). The final cash purchase price will be determined based on closing accounts
- The sale will result in impairment charges of 40-50 million euros in the current fiscal year of SGL Group, which are related to transaction costs and the continuation of the GE business until the closing date. The cash proceeds equal the book value as of September 30, 2016. Thus, the transaction does not trigger any write-downs on the book value in the GE business
- Transaction scope is the entire GE business, except for legacy assets*
- Straight forward transaction structure with clear and unambiguous procedure for calculation of final purchase price, which allows to maximize cash proceeds
- Closing expected in the first half of 2017 and mainly subject to merger clearance in Germany and the US
- Limited SGL Group guaranties towards buyer for potential environmental liabilities
- Showa Denko accepts to comply with the obligations of the collective bargaining agreement in Meitingen (“Ergänzungstarifvertrag”) and provides going concern guarantee for 15 months after closing

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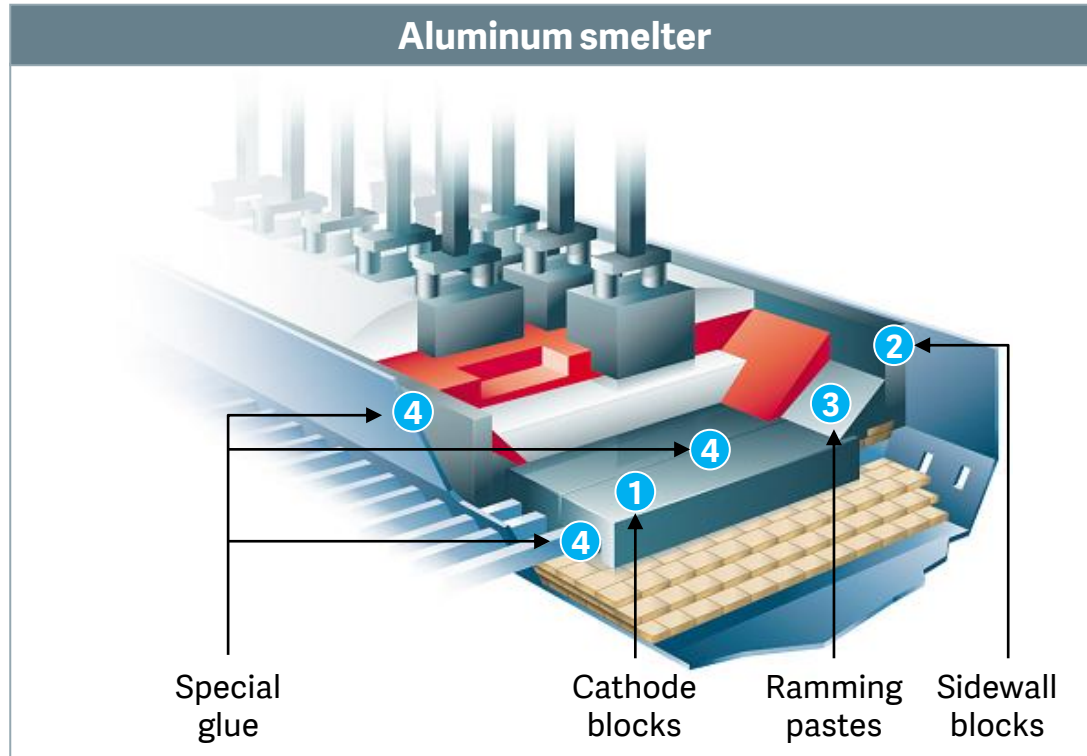
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**Sales process for CFL/CE will
be continued early next year**

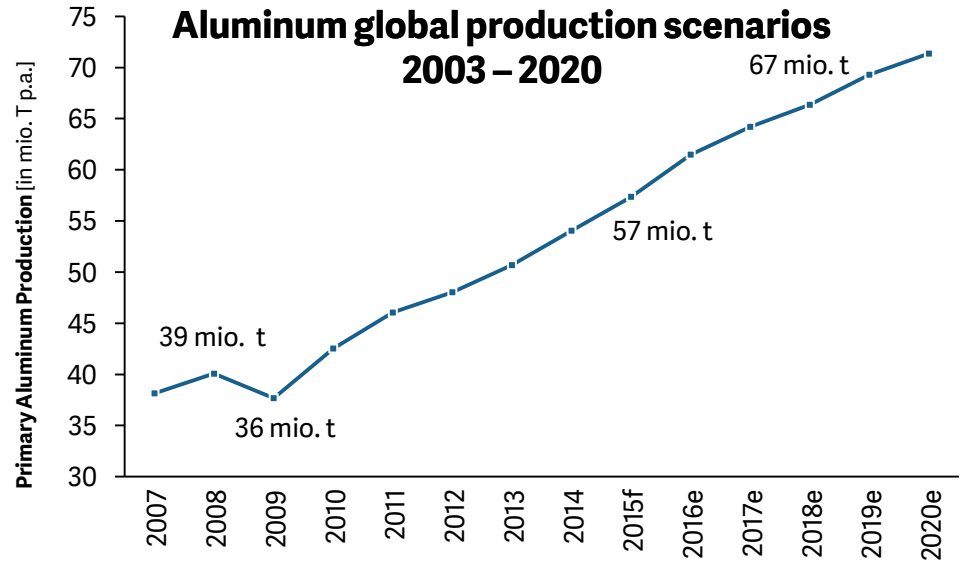
Cathodes.

Investment good for the aluminum industry



Cathodes. Aluminum growth to continue driven by transportation, electricity, packaging, etc.

- **Aluminum demand** driven by:
 - Population growth and urbanization
 - Further industrialization of emerging countries
 - Weight/strength/cost advantages
- **Cathodes essential** to aluminum smelters
 - Relining of existing smelters
 - New smelter construction leading first to project demand and long-term to higher relining demand
 - Comprehensive product portfolio to cope with all technology trends in the Al industry

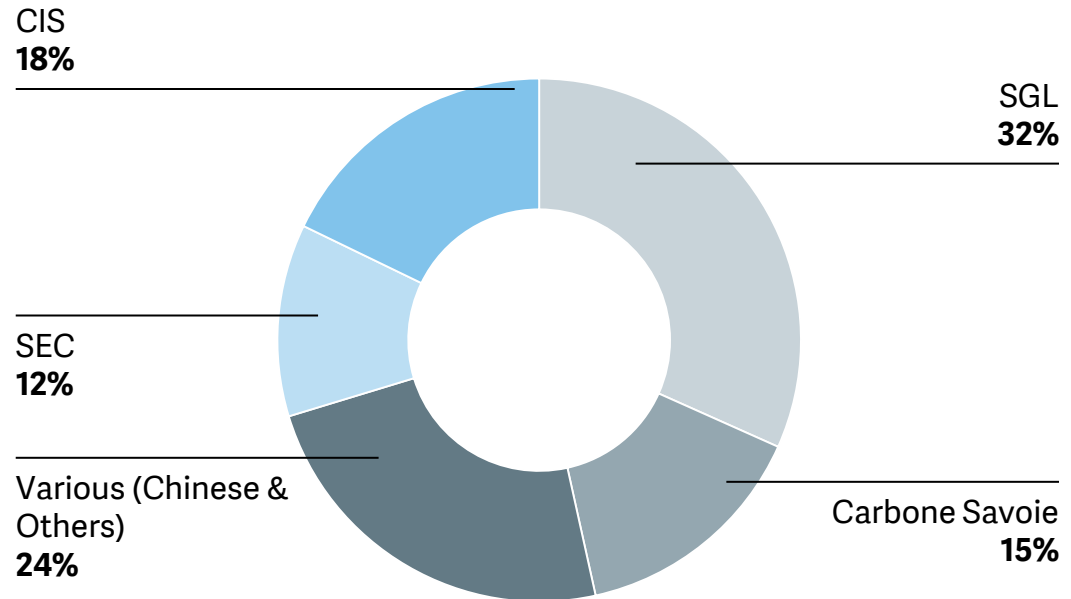


- Solid fundamentals for **aluminum production growth**
- **Various new projects** under construction, additional feasibility studies for capacity increases underway

Cathodes. SGL Group is clear market leader

- Increasing cathode demand due to new projects.
- High level of plant utilization
- Prepared to supply all regional growth markets
- Balanced product portfolio enabling participation in all technological developments
- Lowest cost producer in western world
- Only western world supplier of graphitized cathodes into China with commercial volumes

Market shares in cathodes 2015

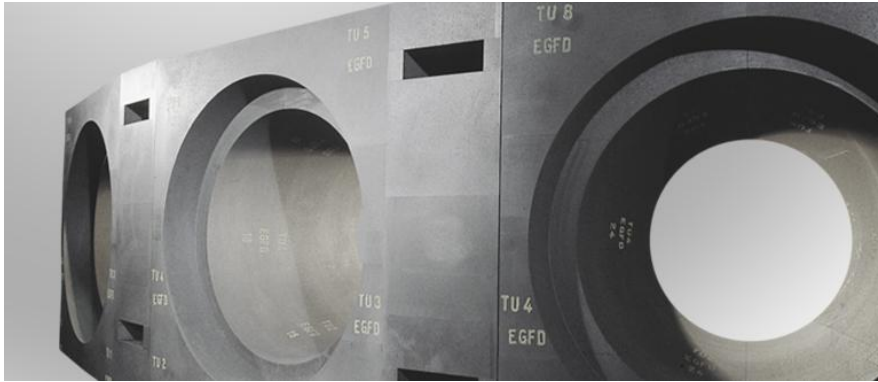


Source: SGL Group's own estimates, market shares based on volume (excl. China domestic)

Various (Chinese & others): various cathode producers combined in this number, none of them exceeding 5% market share

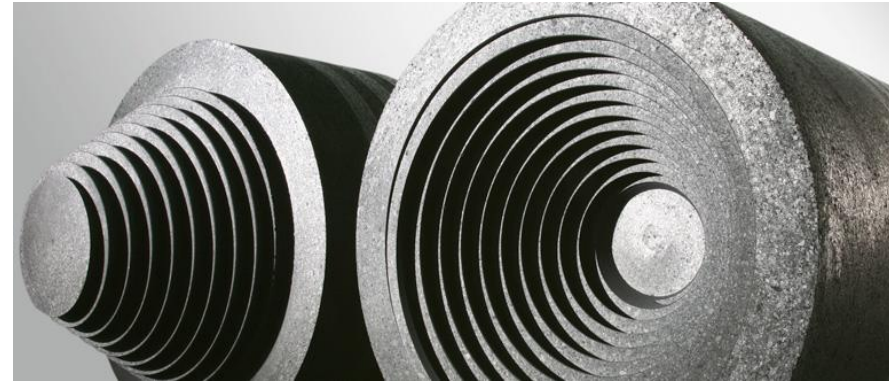
Furnace linings and carbon electrodes.

Provide cash flow for CFL/CE



Furnace linings

- Investment good (8-10 year replacement cycle)
- Used to line furnace walls in blast furnaces
- Co-leading supplier of furnace linings with full product range serving all technical solutions



Carbon electrodes

- Consumable
- Used in smelting processes of other metallurgical applications (silicon metal, phosphorous, etc.)
- Leading supplier of carbon electrodes with an estimated market share of > 20%

We expect to also achieve a good transaction for the CFL/CE business.



- Sales process will be continued early next year
- As we had also prepared for a disposition of the entire former business unit PP, we are not starting from the beginning, as data is collected and prepared, we already know most of the potentially interested parties
- We expect to sign in the course of 2017
- CFL/CE business both cash and earnings profitable on a sustainable basis
- Given the outcome of the GE sale, the relatively low book value and the high profitability of the CFL/CE businesses, we believe that we can achieve more than the book value of the former business unit PP through the aggregated transactions

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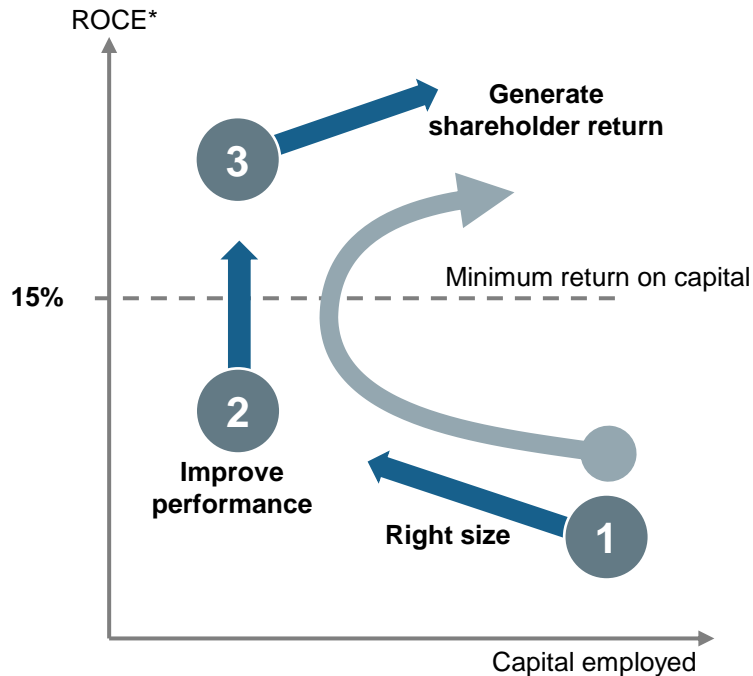
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Delivering on strategy

How we will achieve our targets.

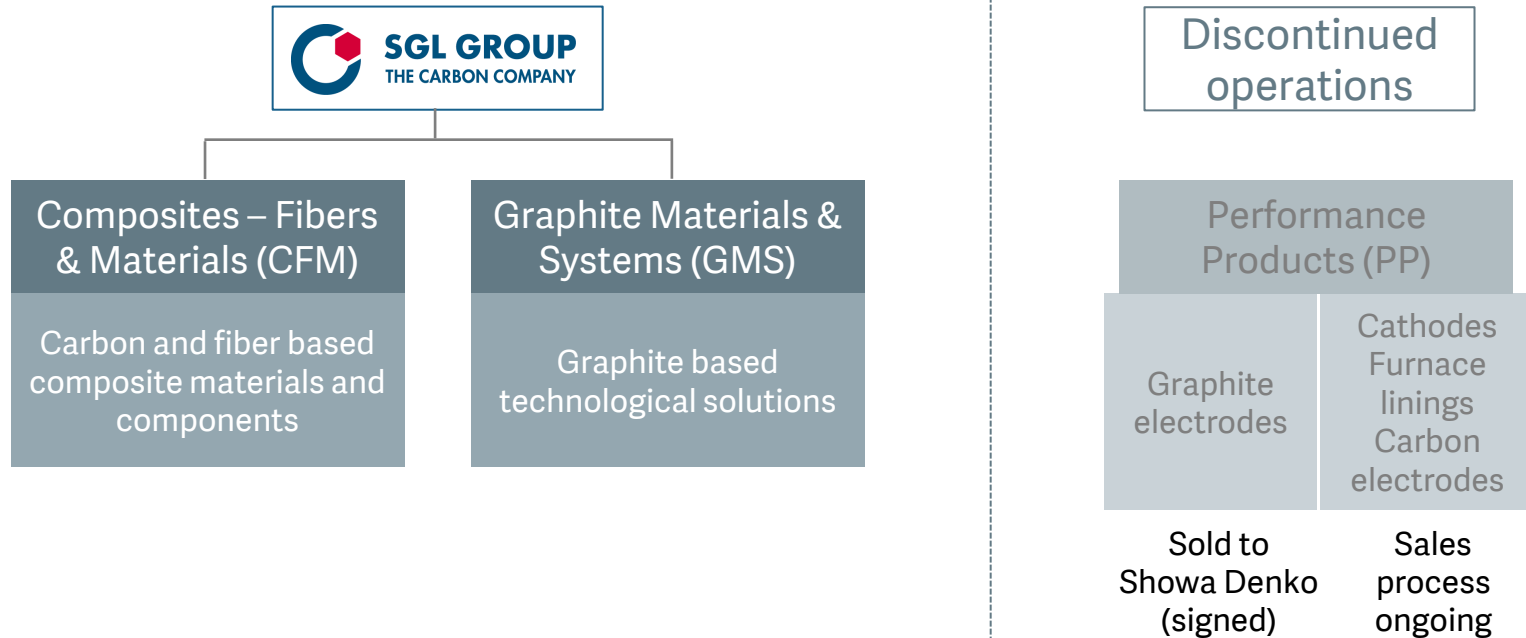
Delivering on strategy



*EBITDA divided by capital employed

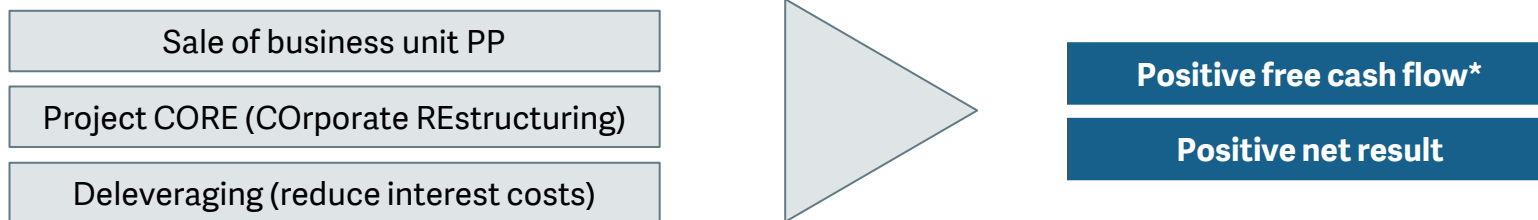
- | | 1) Right size | Status |
|--|--|---------------|
| | Disposal Rotorblades | ✓ DONE |
| | Disposal HITCO | ✓ DONE |
| | Sale of GE (signing) | ✓ DONE |
| | Sale of CFL/CE | 2017 |
| | 2) Improve performance | |
| | SGL2015 | ✓ DONE |
| | BU streamlining | ✓ DONE |
| | SGL Excellence | ✓ ONGOING |
| | Project CORE | LAUNCHED |
| | Deleveraging | KICK OFF 2017 |
| | 3) Generate shareholder return with profitable growth | |
| | CFM: CFM 2020+ | LAUNCHED |
| | GMS: Growth strategy 2020 | LAUNCHED |

The new SGL Group. ENABLING MEGATRENDS with high tech carbon and graphite based solutions

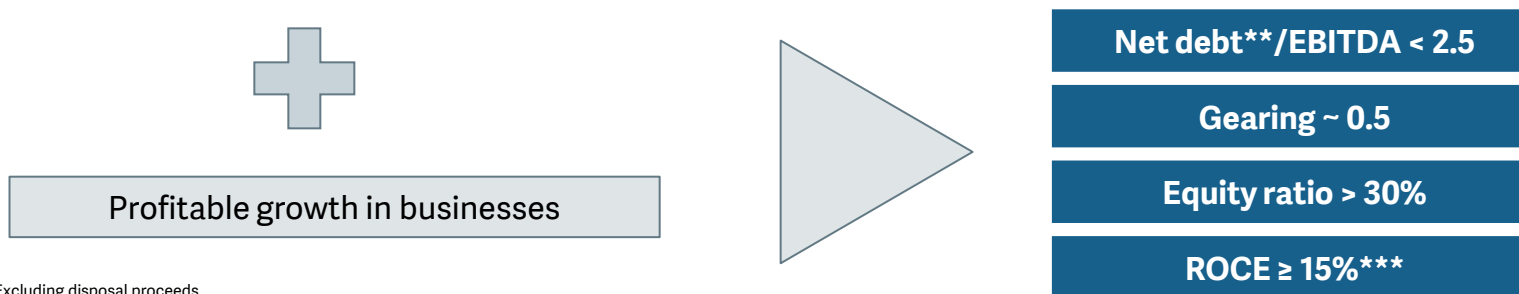


Financial targets confirmed. Return on capital remains key management principle for managing the business

With the completion of the PP divestment, project CORE and deleveraging, we intend to be structurally positive in net profit and cash flow terms



With above measures plus profitable growth, we believe to be able to achieve our remaining targets in the medium to long term



* Excluding disposal proceeds

** Excluding Pensions

*** ROCE defined as EBITDA/Capital employed

Carbon and graphite. Materials with extraordinary properties provide solutions for megatrends



- End markets growing above GDP driven by **global megatrends** with high growth rates
- High share of **customer-specific products, tailored applications** and **solutions**
- Based on our **materials competence, technology** and **innovative strength** we develop products which
 - serve as **key enablers of innovation** in target industries and/or
 - provide **vital products** for our **customers' value chains**
- In-depth knowledge and control of the complete **graphite** and **carbon fiber value chain** provides opportunities for **product customization**
- **Forward integration** into finishing technologies (GMS) and composite materials/ components (CFM) is key for **differentiation**, provides a **competitive advantage**, and **enables participation in market growth**
- **High R&D intensity**

What SGL Group now stands for.

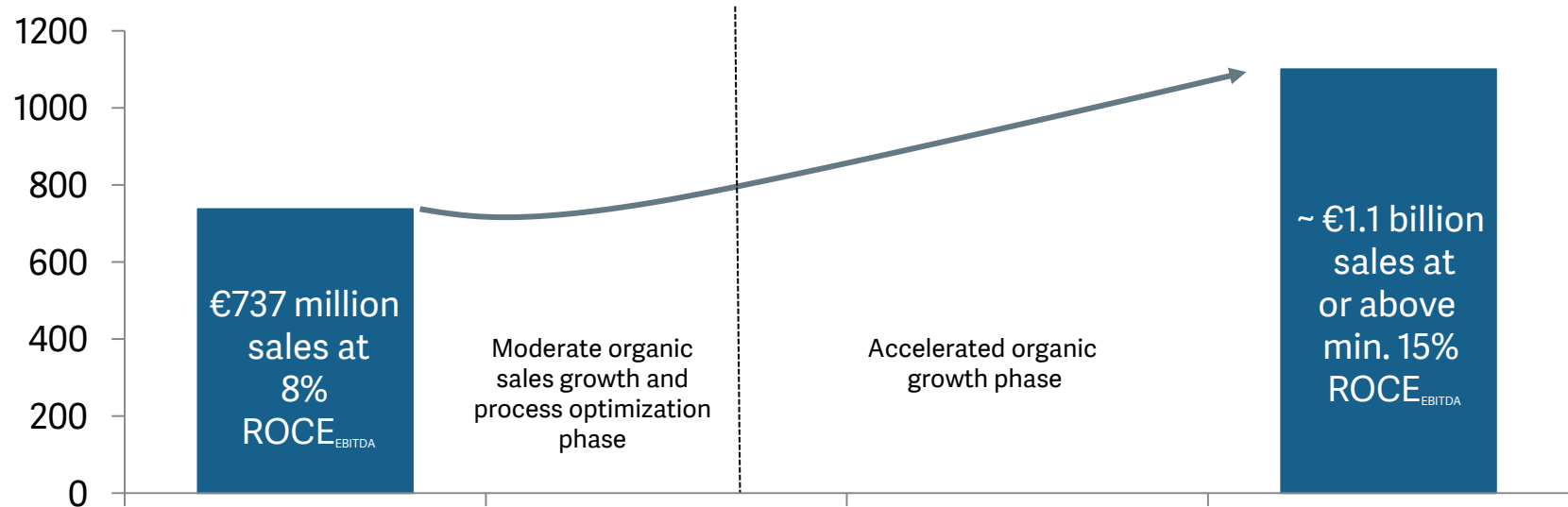
Clear focus on global megatrends

- Our technologies enable **global megatrends**, e.g. energy, mobility and digitization
- We are among the **innovation leaders** in our markets due to our **high performance materials competence** based on **carbon** and **graphite**.
- Our long-term goal is to be the **development partner** for **fundamental solutions** based on **carbon fibers**, **graphite** and **composite materials** worldwide



Target for GMS and CFM.

Profitable organic sales growth of 50%



Augmented by potential selective and accretive bolt on acquisitions to complement our portfolio in terms of region, technology, etc.

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Summary

The course is set for deleveraging and profitable growth



- **Proceeds** from today's sale of graphite electrodes and in a later step disposal proceeds from cathodes, furnace linings and carbon electrodes and potential measures for strengthening the capital structure will provide sufficient means for **substantial balance sheet deleveraging** and allow us **to focus on and develop our growth businesses**
- With our focus on CFM and GMS, our portfolio is **better balanced** between markets and industries, thus **reducing** the **volatility** in our business
- GMS and CFM materials and solutions **enable several of the fastest growing megatrends energy storage, digitization, and mobility**
- Based on strong positions, **GMS and CFM target to further improve their position in the value chain** with particular emphasis on **innovation, high value-add products, services and engineered solutions**
- SGL Group fulfills all requirements to achieve the mid to long term targets: **strong market positions, leading technologies, and committed employees**
- More than **€1 billion of sales** at **15% ROCE_{EBITDA}** targeted for the mid to long term. **Organic growth can be financed by own operating cash flow**

Important note.



This document 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 with respect to the sale of the graphite electrodes (GE) business and the expected sale of the cathodes, furnace linings, and carbon electrodes (CFL/CE) businesses, statements related to SGL Group's cost savings programs and statements with respect to the intention to conduct a share capital increase. 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, the satisfaction of the closing conditions for the disposition of the graphite electrodes (GE) business, including obtaining relevant regulatory approvals, the possibility that the length of time necessary to consummate the disposition of the graphite electrodes (GE) business may be longer than anticipated, the achievement of the expected benefits of the disposition of the graphite electrodes (GE) business, the possibility that the SGL Group may suffer as a result of uncertainty surrounding the disposition of the graphite electrodes (GE) business, the anticipated effect of the disposition of the graphite electrodes (GE) business may have on SGL Group's financial condition and results of operations, the ability to sell the cathodes, furnace linings, and carbon electrodes (CFL/CE) businesses at a price satisfactory to SGL Group or at all 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.