SGL GROUP
THE CARBON COMPANY

Commerzbank German Investment Seminar

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New York

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Company profile

       

- SGL Group is one of the world's largest manufacturers of carbon-based products
- Comprehensive portfolio ranging from carbon and graphite products to carbon fibers and composites
- 45 production sites worldwide
- Service network covering more than 100 countries
- Sales of ~€ 1.4 bn in 2010
- Head office in Wiesbaden/Germany
- Approx. 6,300 employees worldwide
- Listed on Frankfurt Stock Exchange and member of German mid cap index MDAX

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Introduction to SGL Group's Businesses

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SGL Group
Business structure

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Base Materials	Advanced Materials	
Performance Products (PP)	**Graphite Materials & Systems (GMS)**	**Carbon Fibers & Composites (CFC)**
• Graphite & Carbon Electrodes (GCE) • Cathodes & Furnace Linings (CFL)	• Graphite Specialties (GS) • Process Technology (PT) • New Markets (NM)	• Carbon Fibers & Composite Materials (CF & CM) • Aerostructures (A/S) • Rotor Blades (RB)

Technology and Innovation (T&I)

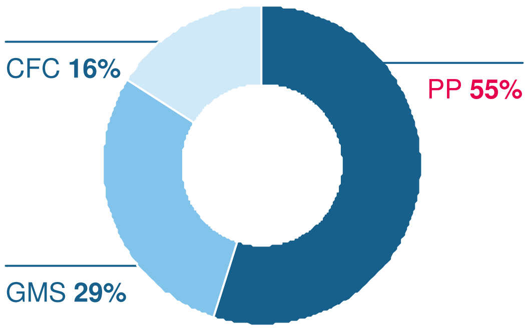
Six Sigma (SGL Excellence)

Base Materials
Performance Products (PP)

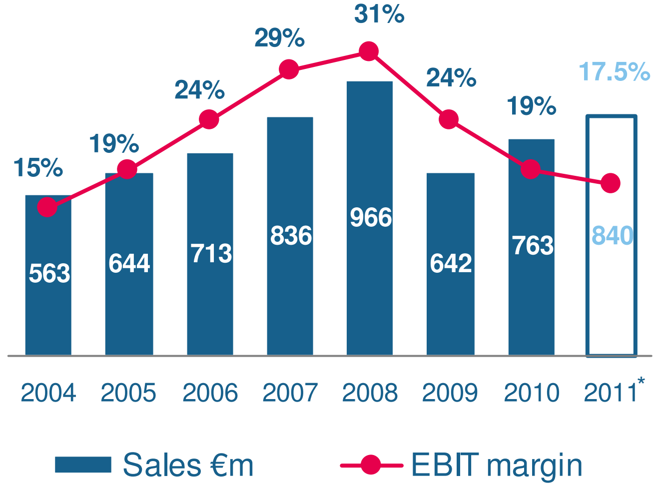
Business units

- Graphite & Carbon Electrodes
- Cathodes & Furnace Linings

2010 Group sales



PP sales & EBIT margins



*Consensus analyst forecast

Key industries served

- Steel
- Aluminum
- Ferrous and non-ferrous metals

Characteristics

- Supplying the metal industries
- Leading competitive position
- Ongoing growth in BRIC
- High ROS & ROCE
- Strong cash flow
- Stable growth

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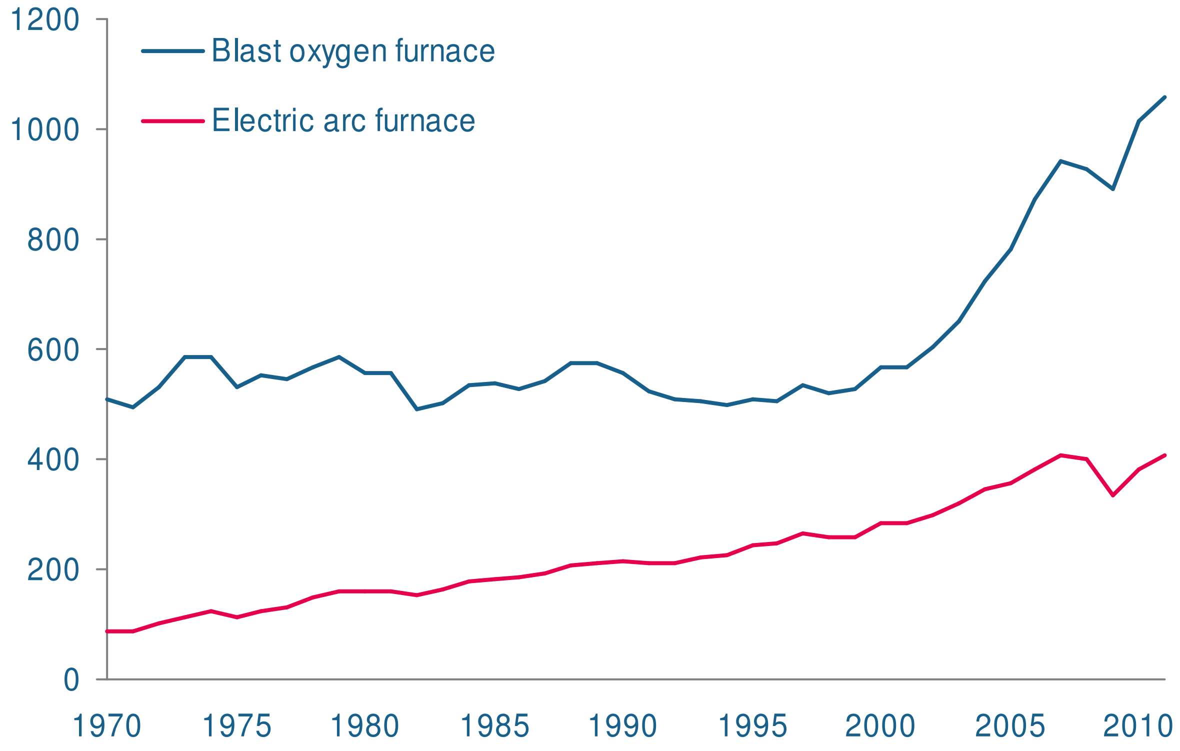
Performance Products
Graphite electrodes (GE) for steel production in EAFs

- Growth in steel production fuelled by infrastructure demand from emerging countries
- Scrap availability limits EAF growth in emerging countries
- Due to continued efficiency gains GE demand growth only 1 – 2% p.a.
- GE critical to EAF furnace efficiency but only ~3% of steel-making conversion cost

Worldwide steel production [in mt]



Source: WSD, IISI, own estimate

An EAF (electric arc furnace) is a furnace that heats charged scrap steel material (also known as mini mills)
BOF (blast oxygen furnace) is the steelmaking route that uses iron ore and coking coal to produce primary steel (also known as integrated steel)

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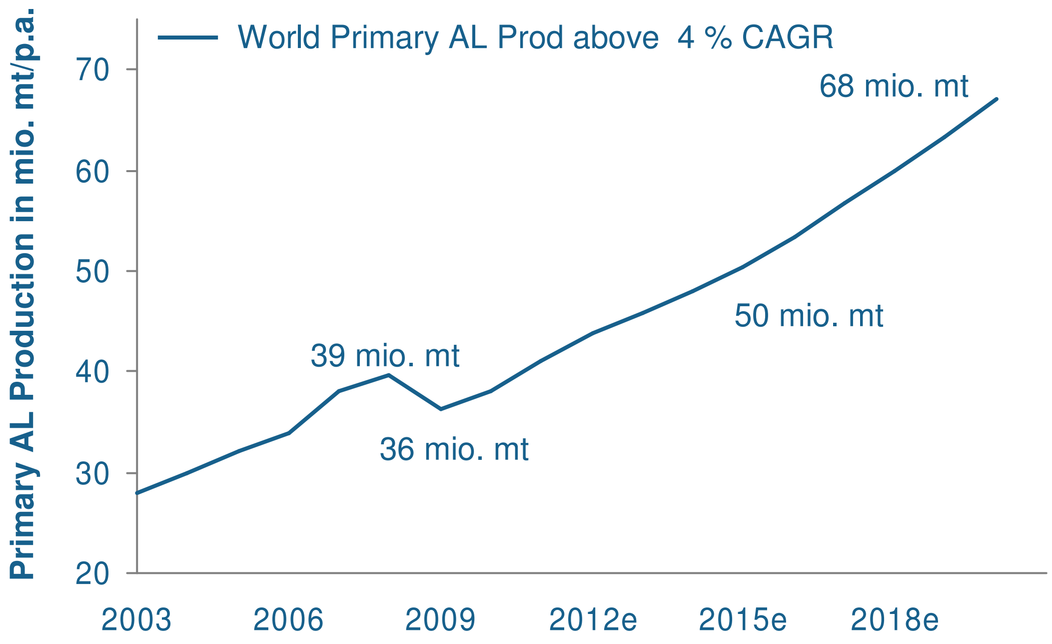
Performance Products
Cathodes for the aluminum industry

- Aluminum demand driven by:
  - Population growth and urbanization
  - Further industrialization of BRICs
  - Weight / strength / cost advantages in higher energy cost environment
- Cathodes essential to aluminum smelters
  - ➔ Existing smelters relining
  - ➔ Investment good (5 – 7 years lifetime)
  - ➔ New smelter construction leading first to project demand and long-term to higher relining demand
- Existing smelters upgrading
  - ➔ Amorphous → graphitized cathodes
  - ➔ Only three to four major established producers of graphitized cathodes
- Cathodes essential for aluminum smelting but representing only 2% of production costs for 1 mt aluminum

Aluminum global production scenarios 2003 – 2020 / Above pre-crisis scenarios

Fundamentals for Aluminum production growth are solid. Various new Project under construction and additional feasibility studies for capacity increase underway.



Source: IAI, Habor, SGL Group's own estimates, Hydro; Alcoa, CRU

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Advanced Materials
Graphite Materials & Systems (GMS)

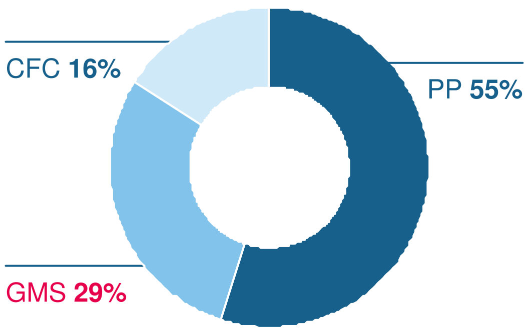
Business units

- Graphite Specialties
- New Markets
- Process Technology

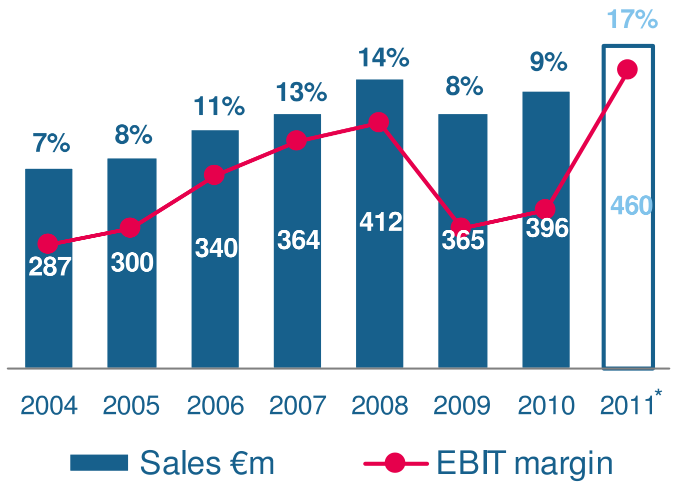
Key industries served

- Chemical
- Energy – Solar/Battery/Nuclear
- Semiconductor/LED
- Metallurgy
- Tool manufacturing
- Automotive
- High-temperature processes

2010 Group sales



GMS sales & EBIT margins



*Consensus analyst forecast

Characteristics

- C-parts supplier to high tech investment goods industry (GS/NM)
- Broadest product portfolio
- Global footprint
- Sustainable growth potential in renewable energies, energy efficiency and energy storage

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Graphite Materials & Systems
Best solutions for our customers …

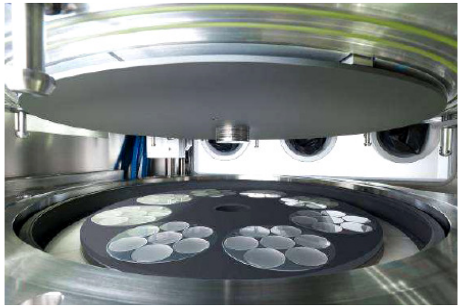
… in the PV / Semiconductor Industry

Iso susceptor, heating elements, heat shields/insulation (Soft- and Rigid Felt)

Iso graphite heating element

Mono crystalline silicon ingot

… in the LED Industry



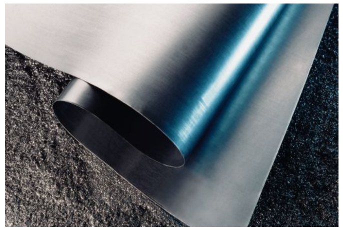
MOCVD reactor

SiC coated Iso Graphite Susceptor

… in the Chemical and Automotive Industry

Flange sealed by a gasket

Reinforced Graphite Sealing Sheet



Flexible Graphite Foil

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Graphite manufacturing passes multiple process steps and requires 4 to 6 months of production time (net).

Raw Materials (Pitches & Cokes)
High quality raw materials from reliable sources

Pre-pressing Processes
Breaking, milling, sieving, binding, mixing, homoge-nizing
4 days

Pressing
Isostatic pressing or Extruding
1 day

Baking 850℃ – 1,200℃
Carbonizing
4- 6 weeks

Impregnate & Re-Bake
Carbonizing, Densification
4 weeks

Graphitizing 2,800℃ – 3,000℃
Formation of graphite structure and densification
5 weeks

Machining
Machining of the feedstock: Sawing, turning, milling, sanding, boring, lapping, polishing
1- 5 days

Finishing / Value-Adding
Purification **2 days**
Coating **3 days**

Production time
Σ 4 - 6 month

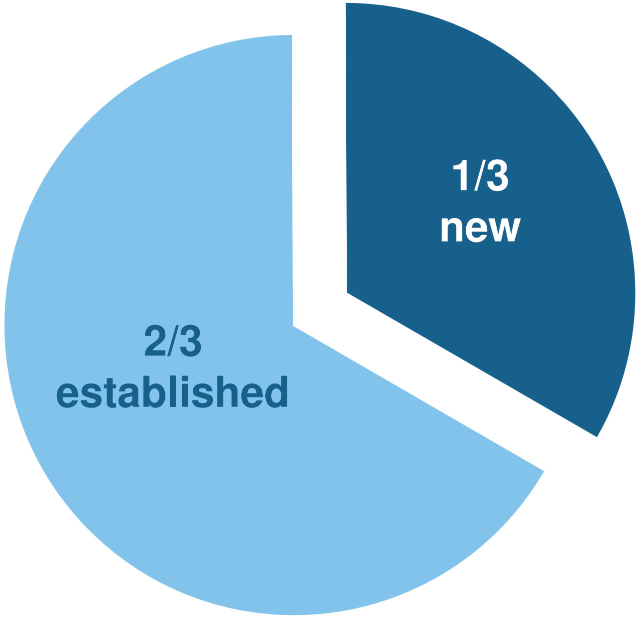
Source: GS Production

Graphite Materials & Systems
Innovation driving new product portfolio

Examples:

- Heaters, molds and insulation for photovoltaic applications
- Silicon Carbide coated platters for LED
- Carbon for anode material for **lithium-ion batteries**
- High purity expanded graphite for **environmental needs** and **thermal management** (electronics, climate)**, e.g.** cooling ceilings (Deutsche Bank Green Towers)
- Process solutions for destruction of HCFCs (Hydrochlorofluorocarbons)

GMS 2010 sales: €396 million



1/3 of sales based on new products introduced over the last 4 years

Graphite Materials & Systems
Major customer industries and market shares 2010

	% of total GMS sales 2010	Global market share 2010
Chemicals	29%	30%
Energy: Solar	16%	25%
Energy: Batteries & Nuclear	13%	25%
Semiconductor (incl. LED)	9%	20%
Metallurgy	6%	20%
Tool manufacturing	5%	15%
Automotive	4%	15%
High-temperature processes	3%	15%

Source: SGL Group's own estimates

Advanced Materials
Carbon Fibers and Composites (CFC)

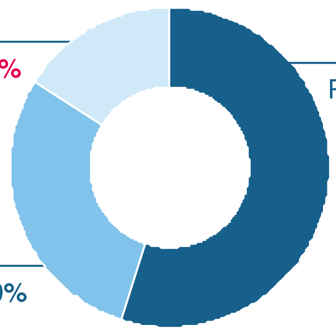
Business units

- Carbon Fibers/ Composite Materials
- Aerostructures
- Rotor Blades

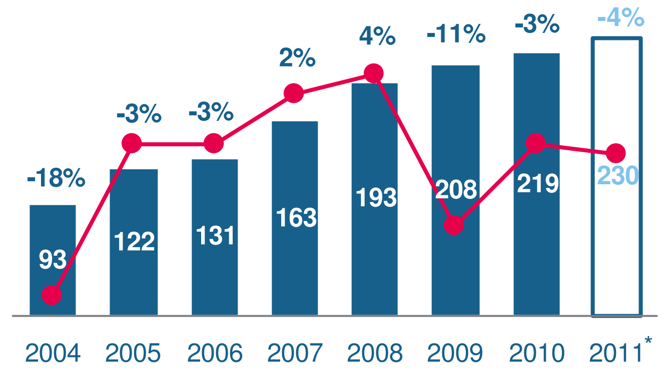
Key industries served

- Energy
- Aerospace & Defense
- Automotive
- Industrial
- Sporting Goods
- Medical Technology
- Construction

2010 Group sales



CFC sales & EBIT margins



*Consensus analyst forecast

2004-05 SGL Technologies Business Unit excl. Expanded Graphite
2004-07 incl. Brake Disc business
SGL Rotec consolidated from September 2008 onwards

Characteristics

- New applications in automotive, energy, aeronautics, industrial
- High earnings improvement potential
- Complete value chain in house
- Only EU carbon fiber company

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Where is carbon? Everywhere!
Touching More and More of Everyday's Life

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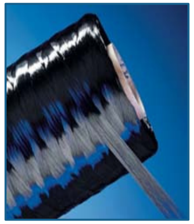
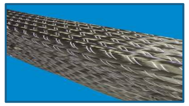
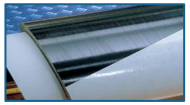
Carbon Fibers & Composites
Unique offering of the complete value chain

Carbon Fibers & Composite Materials

Raw material — Carbon Fiber — Composite Materials

PAN Precursor
- EPG (44% JV with Lenzing)
- JV with Mitsubishi Rayon (MRC, 33%)

Carbon Fiber
- Prod. Capacity
  ~ 4kt in UK
  ~ 2kt in USA
- JV with BMW (51%), USA
  ~ 3kt (1st stage)

Prepreg Preform
- SGL epo (100%)
- SGL Kümpers (51%)
- JV with BMW (51%)

Composite Components

Aerospace & Defense

- HITCO (100%)

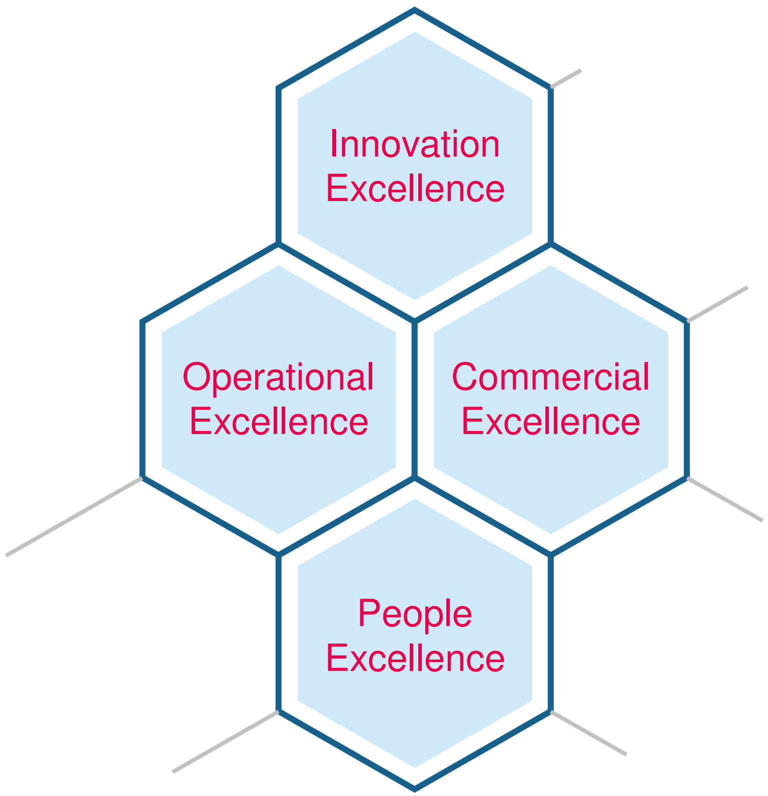
Industrial & Energy

- SGL Rotec (74.9%)

Automotive

- Benteler SGL (50%)
- Brembo SGL Carbon Ceramic Brakes (50%)

Ensuring the future
SGL Excellence – enables productivity and growth



SGL Excellence

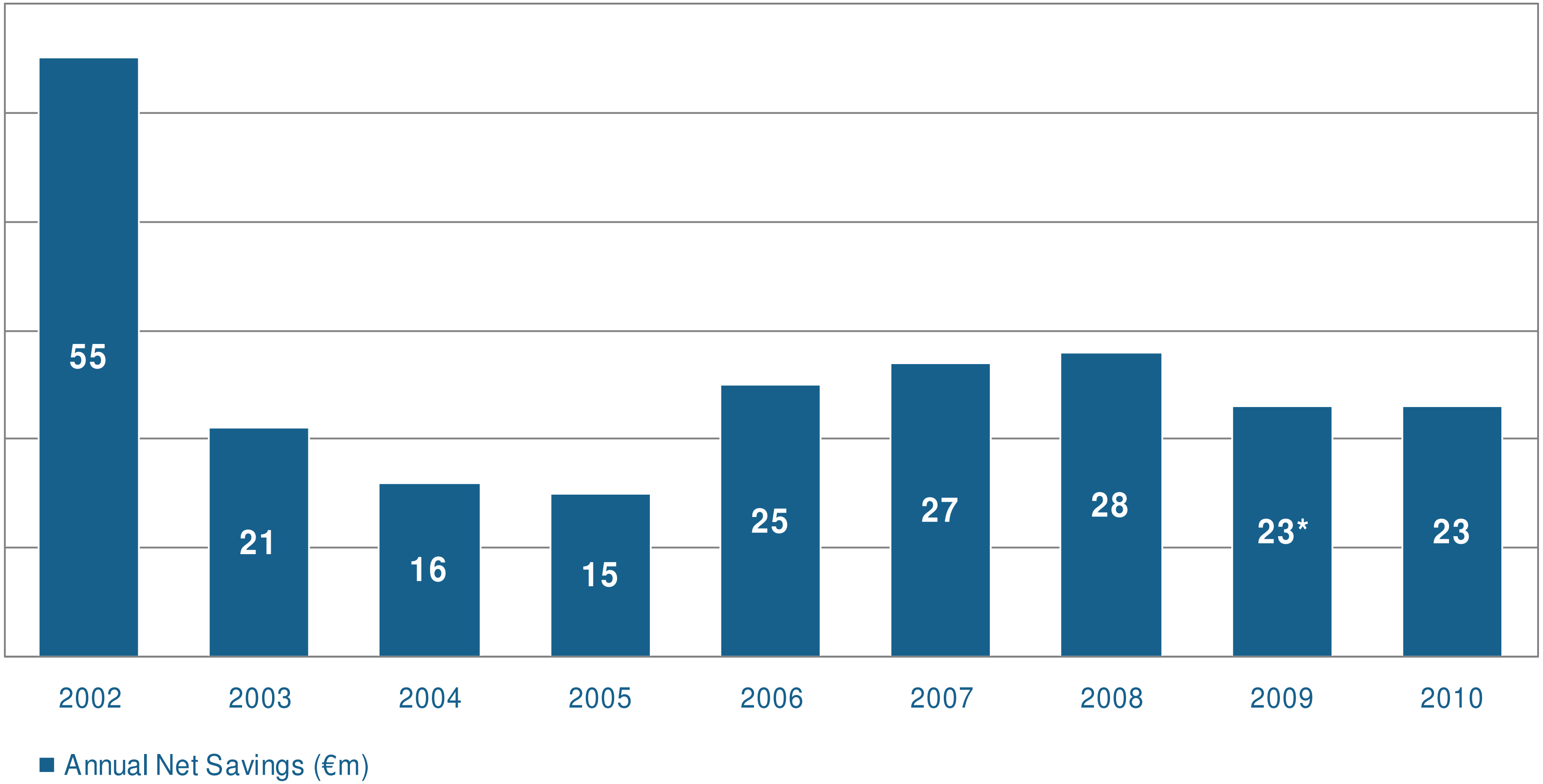
- Started in 2002
- The core element of the Company mission
- An ongoing and Company wide program
- Our philosophy of doing business

SIX SIGMA

- Our core methodology
- Focuses on:
  - Customer value
  - Measurable objectives and results
- Applies to every function in our Company
- Empowers our employees with skills and tools:
  - **> 3,000 SIX SIGMA trained employees**
  - **> 600 Green Belts**
  - **> 100 Black Belts**

Ensuring the future
SGL Excellence savings

Since 2002 continuous cost reduction of €233 million in total



* Excluding Brakes business

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Fundamental long-term growth drivers and mid term outlook

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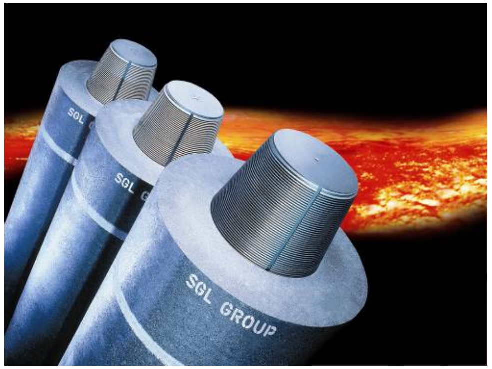
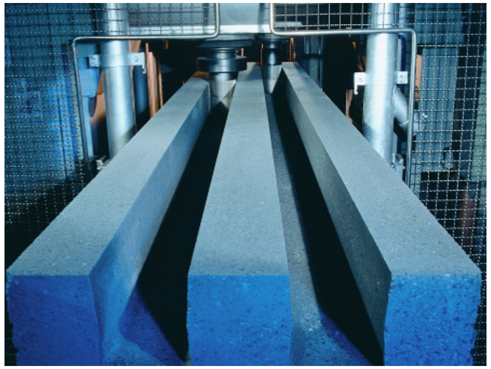
Fundamental long-term growth drivers for our businesses

Strong growth in emerging countries (BRIC etc.)

- Industrialization
- Infrastructure build up

Increasing demand for graphite electrodes and cathodes





Fundamental long-term growth drivers for our businesses

Key challenges

- Changed economic environment
- Climate change
- Energy / raw materials availability

SGL Group approach

"Towards an ecologically sensitive world"

Sustainable solutions

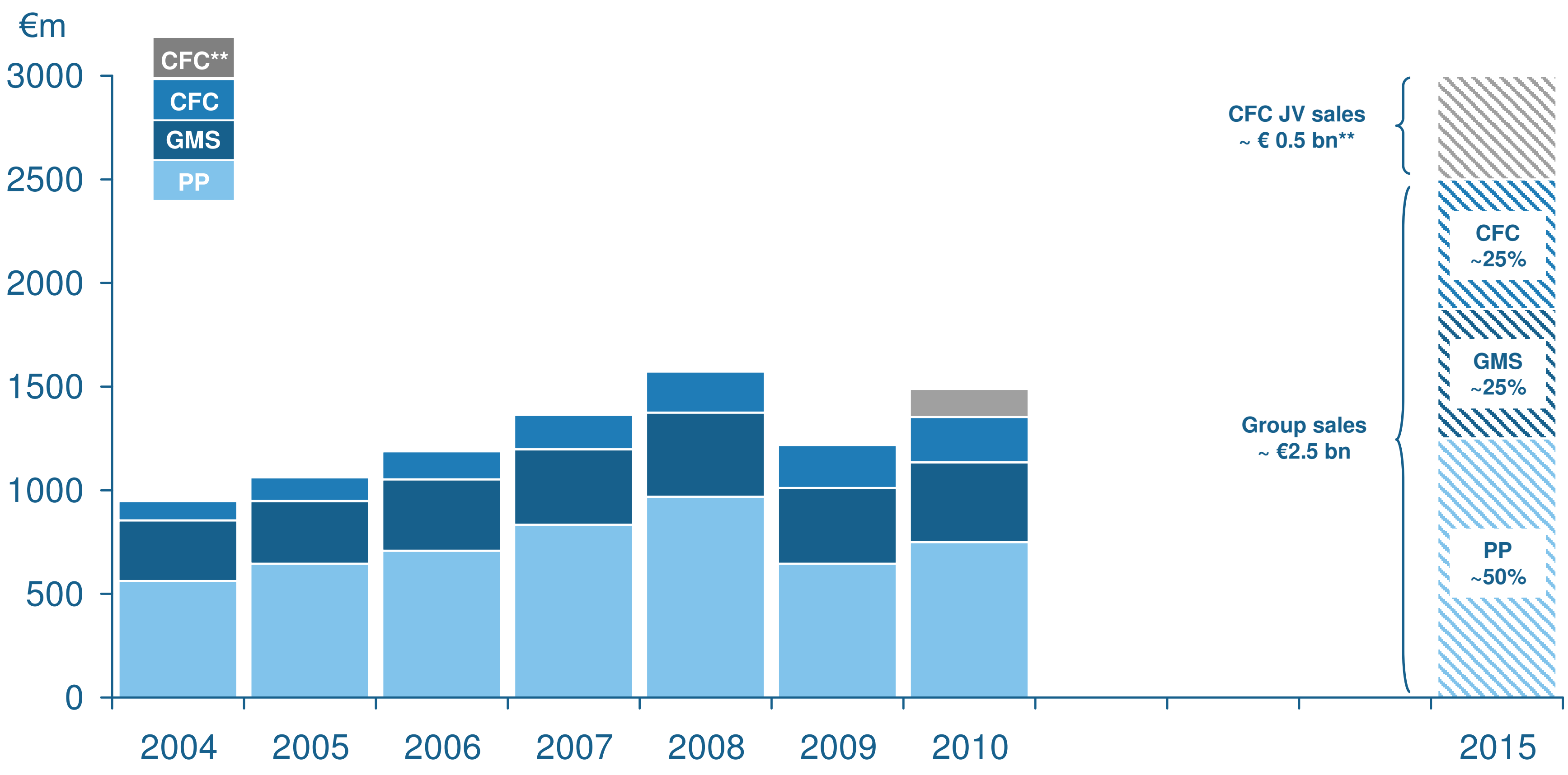
- Energy efficiency
- Alternative energies
- Light weight

Carbon contributes to all three sustainable solutions

2011 – 2015

Group sales to increase by more than 10% p.a. reaching €2.5 bn in 2015*

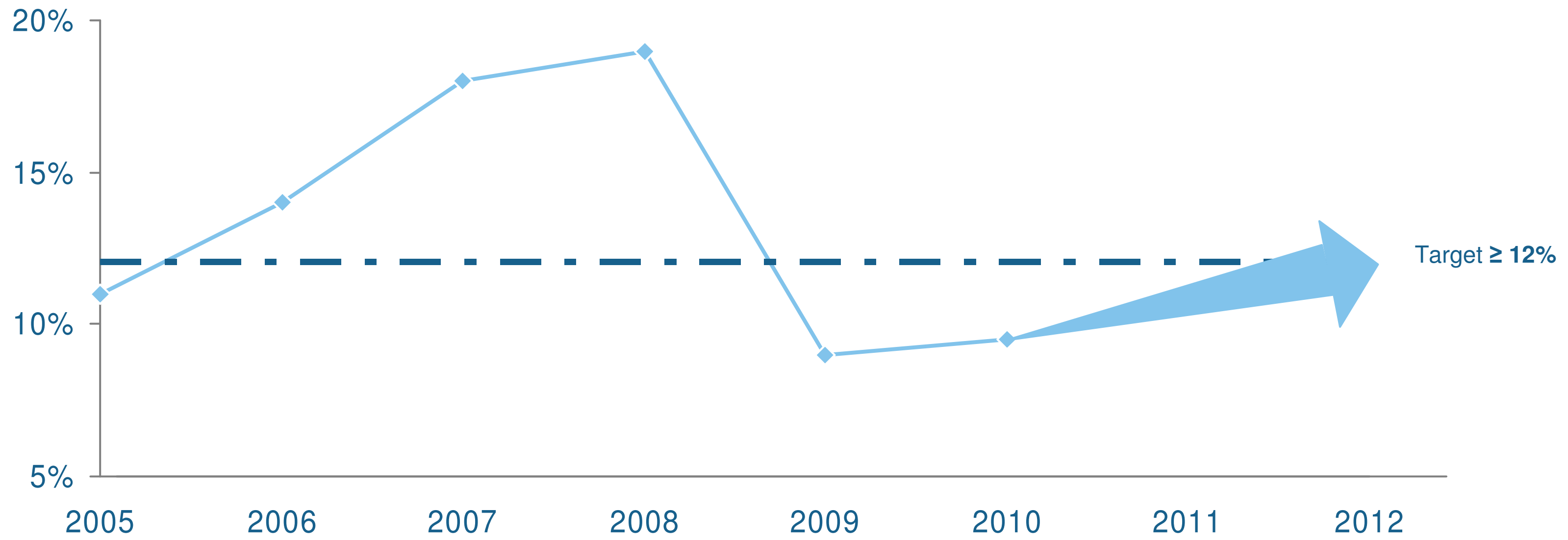
Advanced Materials targeted to reach ~ 50% of Group sales by 2015



*organic growth, excluding acquisitions **additional sales from at-equity consolidated JVs in CFC calculated on 100% ownership

2011 – 2015
Return on sales (ROS) target remains at minimum 12%

Group ROS target of ≥ 12% to be achieved again from 2012 onwards



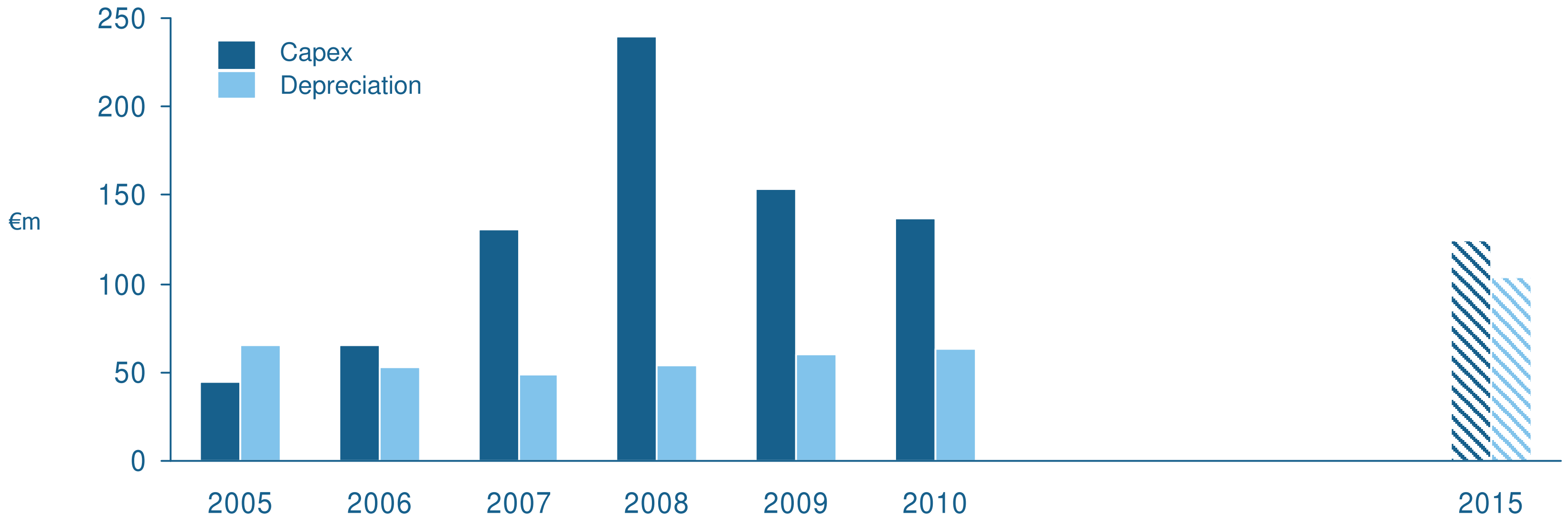
- New assets coming on stream contribute to sales and cash flow growth
- Higher capacity utilization especially in PP will lead to ROS ≥ 12% from 2012

→ All three Business Areas become profit pillars as a result of a more balanced portfolio

2011 – 2015

Capex remains high until 2012 – free cash flow positive expected from 2013

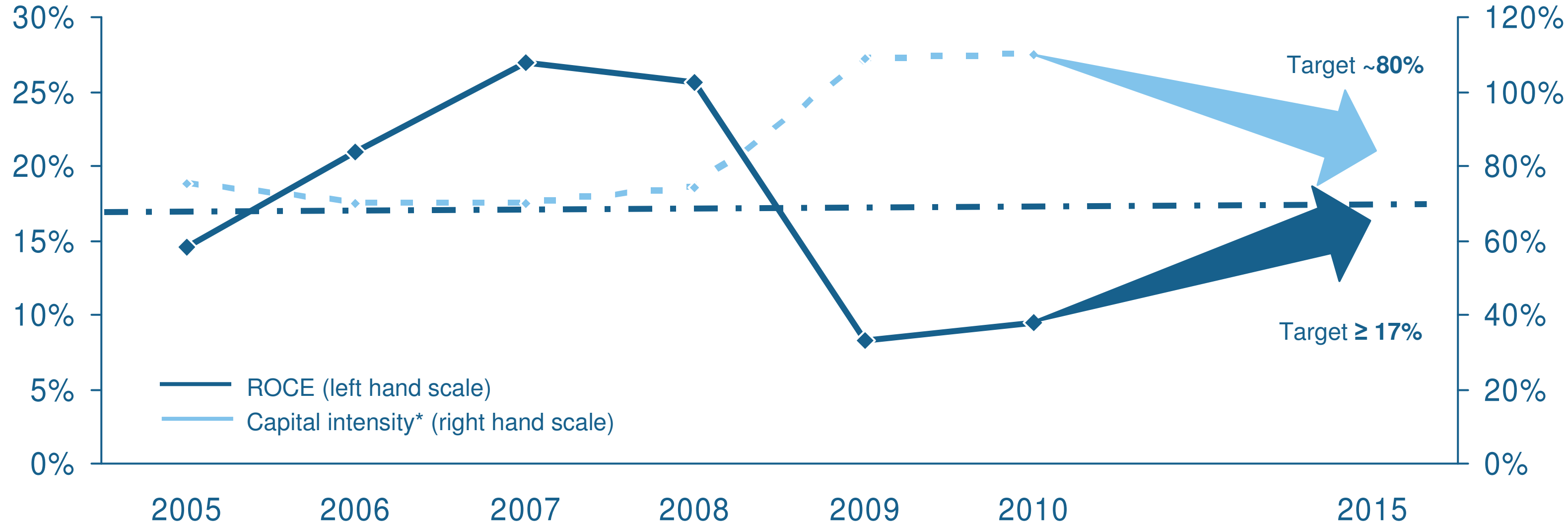
Capex and depreciation expected to converge



- Major investments on schedule
- Capex requirements up to €150 million p.a. in 2011 and 2012, declining thereafter
- Capex continues to be funded almost entirely from operating cash flow
- Positive free cash flow starting 2013
- Gearing target remains at approx. 0.5 and is indicative for capex levels

2011 – 2015
Return on capital employed (ROCE) target remains at minimum 17%

Group ROCE target of ≥ 17% to be reached again by the end of the planning period



- Anticyclical investments provide basis for long term growth
- The resulting sales growth will lead to normalized capital intensity* improving from 110% in 2010 to ~80% in 2015 as investment pace slows and sales growth accelerates
- As a consequence we expect to reach our Group ROCE target ≥ 17% again towards the end of the planning period

*capital employed/sales, measure of capital invested per € of sales

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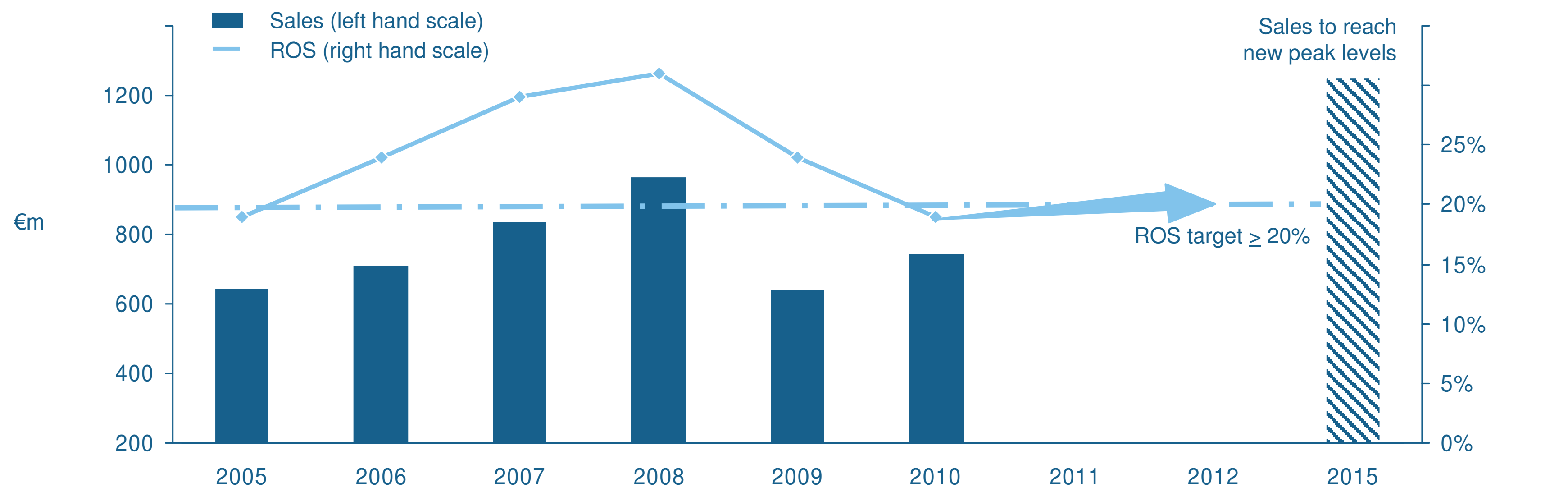
2011 – 2015
Performance Products

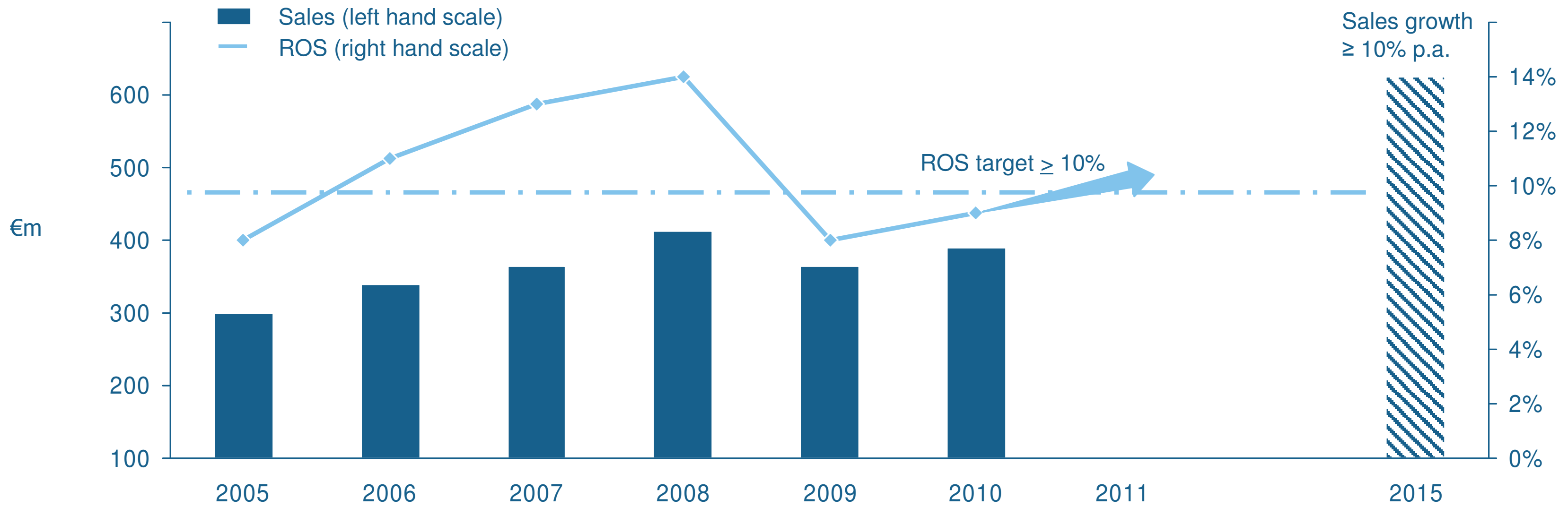
New state-of-the-art facility on stream; strong cash flow



- Investment in low cost carbon & graphite hub in Malaysia (graphite electrodes & cathodes) will enhance competitiveness
- EBIT ROS burdened by increased depreciation
- With fully integrated Malaysian plant on stream, ROS of ≥ 20% will resume at the end of 2012
- Plans to increase our investment in Chinese electrode production
- PP remains high performing business in terms of profitability, sales growth, and cash flow

2011 – 2015
Graphite Materials & Systems

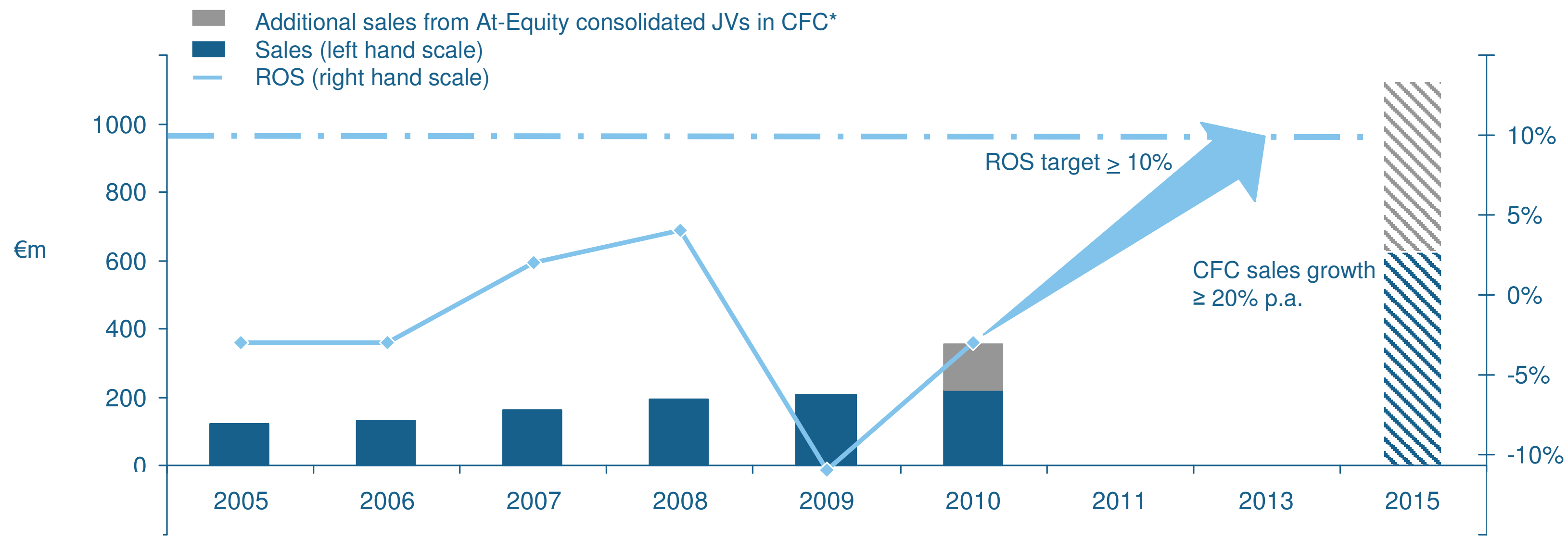
Sales growth accelerating; ROS ≥ 10% throughout planning period



- Accelerated sales growth of ≥ 10% p.a. (previously 6-8% p.a.) due to rising demand from high growth end markets (semiconductor, photovoltaic, LED, lithium-ion batteries)
- ROS to achieve ≥ 10% target throughout planning period
- GMS expects new record sales and EBIT levels in 2011

2011 – 2015
Carbon Fibers & Composites

Sales growth accelerating; 10% ROS by end 2013



- Sales growth raised from ≥ 15% to ≥ 20% p.a. (aircraft, wind, industrial and automotive applications)
- Total CFC sales of more than €1bn targeted for 2015 including approximately €500 million sales of at-equity accounted JVs (calculated on 100% ownership)
- Target ROS ≥ 10% by end 2013

*calculated on 100% ownership

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Key messages and targets 2011-2015
Delivering profitable growth !

Group	• Sales growth accelerating due to new assets: more than 10% p.a. organic →reaching Group sales of €2.5 billion by 2015 →Plus approx. €500 million sales from at-equity accounted JVs in CFC (calculated on 100% ownership) • ROS target ≥ 12% to be reached from 2012 onwards • All three Business Areas become profit pillars due to more balanced portfolio • ROCE target ≥ 17% to be achieved by end 2015 • Free cash flow to turn positive in 2013 • Gearing target remains at approx. 0.5
Performance Products (PP)	• Reaches record sales levels and delivers earnings growth • ROS target ≥ 20% to be resumed at the end of 2012
Graphite Materials & Systems (GMS)	• Sales growth accelerates to ≥ 10% p.a. • ROS target ≥ 10% achievable throughout the planning period
Carbon Fibers & Composites (CFC)	• Sales growth accelerates to ≥ 20% p.a. - total CFC sales of more than €1bn targeted for 2015 including approx. €500 million sales of at-equity accounted JVs (calculated on 100% ownership) • Profitable from 2012 onwards; ROS target : ≥ 10% to be reached by end 2013

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Thank you for your attention !

Any Questions ?

Important note:
This presentation contains forward looking statements based on the information currently available to us and on our current projections and assumptions. By nature, forward looking statements are associated with known and unknown risks and uncertainties, as a consequence of which actual developments and results can deviate significantly from the assessment published in this presentation. Forward looking statements are not to be understood as guarantees. Rather, future developments and results depend on a number of factors; they entail various risks and unanticipated circumstances and are based on assumptions which may prove to be inaccurate. These risks and uncertainties include, for example, unforeseeable changes in political, economic, legal and business conditions, particularly relating to our main customer industries, such as electric steel production, to the competitive environment, to interest rate and exchange rate fluctuations, to technological developments, and to other risks and unanticipated circumstances. Other risks that may arise in our opinion include price developments, unexpected developments associated with acquisitions and subsidiaries, and unforeseen risks associated with ongoing cost savings programs. SGL Group assumes no responsibility in this regard and does not intend to adjust or otherwise update these forward looking statements.

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