

Year End Analyst Meeting

Frankfurt
March 22, 2012

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SGL Group

2011 Sales and Earnings Improved in Changed Economic Framework

Business Development	Achievements
<p>Group Targets for 2011 reached:</p> <ul style="list-style-type: none">• Double-digit growth in sales to €1,540 million• EBIT: €160 million• ROS with 10.4% in forecast corridor• Gearing with 0.33 better than forecasted• Capex with €139 million lower than budgeted• Free cash flow with -€33 million in line with original forecast	<ul style="list-style-type: none">• Further expansion of global presence• Strengthening of regional concept• Continuation of scheduled investment program• €24 million savings through SGL Excellence

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2011 Sales and Earnings Improved in Changed Economic Framework

Strategic Development

- PP: Scheduled expansion of carbon and graphite production facility in Banting (Malaysia)
- GMS: Expansion of our isostatic graphite production capacity in Germany and China
- CFC: Expansion of CFC activities
 - JV with BMW Group: Start-up of our carbon fiber production plant in Moses Lake, Washington (USA)
 - Continued development of automation technologies at HITCO
- T&I:
 - Start-up of carbon fiber pilot plant for the aviation industry in Meitingen (Germany)
 - Product and process development in the areas synthetic graphite, energy systems, carbon fibers and composites and ceramic fibers and composites
 - External networks and strategic alliances further strengthened

Dividend

Reinstatement of Dividend Payment for FY 2011 proposed to AGM

Dividend payment to be reinstated

- Annual General Meeting 2011:
„We intend to pay a dividend for fiscal year 2011 if no macroeconomic disturbances occur”
- 2012: Major growth projects will be completed
 - ✓ Creating foundation for profitable growth
 - ✓ Decelerating capex requirements in the medium term
- Free cash flow to turn positive from 2013
- Annual Press Conference 2012: „The Board of Management with the approval of the Supervisory Board will propose to the Annual General Meeting the payment of a dividend of €0.20 per dividend entitled share for fiscal year 2011“

2011 Financials

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2011 Results for the Group – Income Statement

in € million	2011	2010
Sales revenue	1,540.2	1,381.8
EBITDA*	231.7	194.8
Operating profit (EBIT)*	160.4	128.4
Result from At-Equity accounted investments	-32.6	-11.9
Net financing result	-49.2	-43.3
Profit before tax	83.7	73.2
Net profit after non-controlling interests	73.2	52.2
EPS, basic (in €)	1.09	0.80
Dividend per share (in €)	0.20	-

in %	2011	2010
ROS (EBIT)*	10.4	9.3
ROCE (EBIT)*	10.0	9.0

- Sales revenue increase 12% - currency adjusted 13%
- EBIT 2011 includes sustainable cost savings of €24 million from SGL Excellence Initiative (SGL X)

* Before reversal of impairment losses and impairment losses

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2011 Results for the Group – Key Balance Sheet and Cash Flow Figures

	31.12.2011	31.12.2010
Total assets (in € million)	2,271.3	2,113.3
Equity attributable to the shareholders of the parent company (in € million)	1,041.1	864.4
Equity ratio (in %)	45.8	40.9
Total liquidity (in € million)	241.7	284.7
Net debt (in € million)	343.3	410.5
Gearing (net debt/equity)	0.33	0.47

in € million	2011	2010
Cash provided by operating activities	136.2	115.5
Capital expenditures in property, plant and equipment and intangible assets	-138.8	-129.5*
Cash used in investing activities	-169.3	-153.8*
Free cash flow	-33.1	-38.3

* After deducting payments from BMW Group amounting to €7.4 million

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2011 Results for Performance Products (PP)

in € million	2011	2010
Sales revenue	845.7	762.6
EBITDA	179.9	177.5
Operating profit (EBIT)	143.3	144.1
Return on sales (in %)	16.9	18.9

- Sales revenue increase: 11%, currency adjusted 13%
 - driven by continued improvement in graphite electrode volumes resulting from the global growth in electric steel production
 - partially offset by expected low cathodes sales level particularly in H1/2011 due to investment pause and destocking in aluminum industry seen throughout 2010
- EBIT remained at nearly the same level as in 2010 due to
 - lower sales prices, particularly for cathodes
 - continued start-up costs for commissioning our new Malaysian plant
- €10 million savings from SGL X initiative

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2011 Results for Graphite Materials & Systems (GMS)

in € million	2011	2010
Sales revenue	468.7	395.9
EBITDA	101.6	54.9
Operating profit (EBIT)	84.0	36.9
Return on sales (in %)	17.9	9.3

- Sales revenue increase: 18%, currency adjusted 17%
 - very high demand from all customer industries, especially in the solar, semiconductor and LED sector
 - sales revenue in Q1/2010 still at low level due to global financial crisis
- EBIT more than doubled primarily due to
 - high capacity utilization
 - successful implementation of price increases
- €8 million savings from SGL X initiative

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2011 Results for Carbon Fibers & Composites (CFC)

in € million	2011	2010
Sales revenue	220.2	218.5
EBITDA*	-5.3	4.8
Operating profit (EBIT)*	-16.9	-6.6
Return on sales (in %)	-7.7	-3.0

- Sales revenue increase: 1%, currency adjusted 3%
 - growth negatively impacted by developments in wind energy/SGL Rotec
 - revenue sales of At-Equity accounted investments relate to CFC increased by 14 %
- Strong decrease in EBIT
 - entirely due to the disappointing development of wind industry (Rotorblades/SGL Rotec)
 - excluding SGL Rotec, slightly positive EBIT
 - in Q2/2011: net impact of reversal of impairment losses and impairment losses in operating income of €5.1 million
- €5 million savings from SGL X initiative

* Before reversal of impairment losses and impairment losses

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2011 Results for Central T&I and Corporate Costs

in € million	2011	2010
Sales revenue/other revenue	5.6	4.8
Central T&I Costs	-12.9	-12.6
Corporate Costs	-37.1	-33.4

- Central T&I costs remained at nearly same level as in 2010
- Corporate costs in 2010 included €4.8 million extraordinary gain from land sale
- Adjusted for this factor, corporate costs decreased by 3%

Financing Structure, Balance Sheet Ratios and Cash on Hand

Allow Continuation of Growth Path

SGL Group established a solid long term financial structure in May 2007

- €200 million Corporate Bond at EURIBOR plus 125 bps (maturity 2015)
- €145.5 million* Convertible Bond at 0.75%, conversion price of €36.52 (maturity 2013)
(originally €200 million prior to conversion)
- €200 million credit facility, undrawn (original 2012 maturity extended to 2015)

Followed by a supplemental debt instrument in June 2009

- €134.7 million* Convertible Bond at 3.5%, conversion price of €29.39 (maturity 2016)
(originally €190 million prior to conversion)

SGL Group has solid balance sheet ratios and liquidity at end of December 2011

- Equity ratio: 46%
- Gearing: 0.33
- Total liquidity: €242 million



SGL Group has no refinancing requirements until 2013 at the earliest

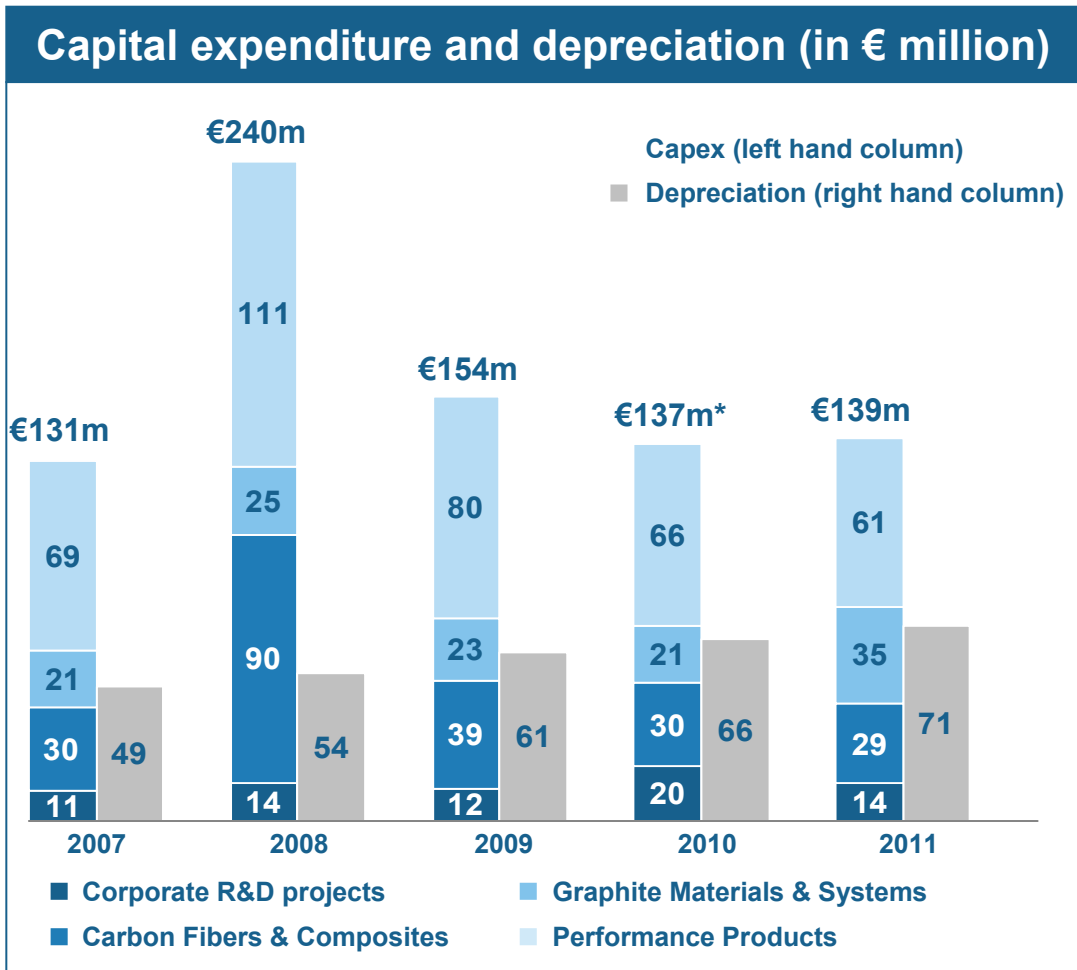
* As at February 29, 2012

Ensuring the Future

Capital Expenditure by Business Area

Major investment focus in 2011:

- **PP:**
 - Continued build up of new GE + CA production facility in Malaysia
- **GMS:**
 - Isostatic graphite capacity expansion in Germany
 - Capacity expansion in USA, China and India
 - Reconstruction and expansion of graphite foil production in Meitingen (Germany)
 - Replacement and ESHA investments in France, USA and Germany
- **CFC:**
 - Further investments in automation technologies at HITCO (USA) and SGL Kumpers (Germany)
 - ESHA investment in Scotland



* Reported capex of €129.5 million for 2010 includes €7.4 million cash inflow for services rendered by SGL Group. Therefore cash outflow for capex was €136.9 million

Majority Acquisition of Fisipe – Expansion of precursor production for carbon fiber

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SGL Group: Expansion of Precursor Production for Carbon Fiber through Majority Takeover of Fisipe

- **Expansion of own supply of raw materials for carbon fiber production**
- **Strengthening of European precursor production base**
- **Strategic step within precursor multi-sourcing strategy**

Transaction:

- Takeover of 86 % of Fisipe S.A. (Portugal)
- Multi-sourcing strategy for Carbon Fiber precursor
- Compulsory offer submitted to Portuguese securities commission for the remaining shares
- Closing for the transaction planned for the end of April 2012
- Fisipe's top management will retain leading roles in the company

Fisipe - Fibras Sintéticas de Portugal S.A.

Facts & Figures

Company

- Established manufacturer of acrylic fiber specialties in Europe since 1973
- Listed since 1985 (86.2% Negofor, 10.5% single investor, 3.3% free float)
- Well developed logistics: Based near Lisbon with direct access to port facilities
- 2011 sales approx. €130 million
- Positive cashflow and operating results
- 330 employees
- Own energy supply (cogeneration plant)



SGL Group: Backward Integration strengthens Technology Base along the Carbon Fiber Value Chain

- **Multi-sourcing strategy secures own supply of raw materials**

Established JVs for raw material supply of **industrial carbon fibers (50K)**

- **EPG** (JV with Lenzing AG) in Kelheim/Germany (SGL share 44%)
- **MSP** (JV with Mitsubishi Rayon) in Otake/Japan (SGL share 33%) exclusively for BMW i-series

- **Strategic fit**

- Expansion of precursor production capacities (**incl. 3K-24K**)
- Long-term partnership in development projects
- R&D infrastructure on site (incl. precursor pilot line)
- Attractive cost position through own energy supply
- Potential for cost efficient conversion of textile fiber lines to precursor production lines

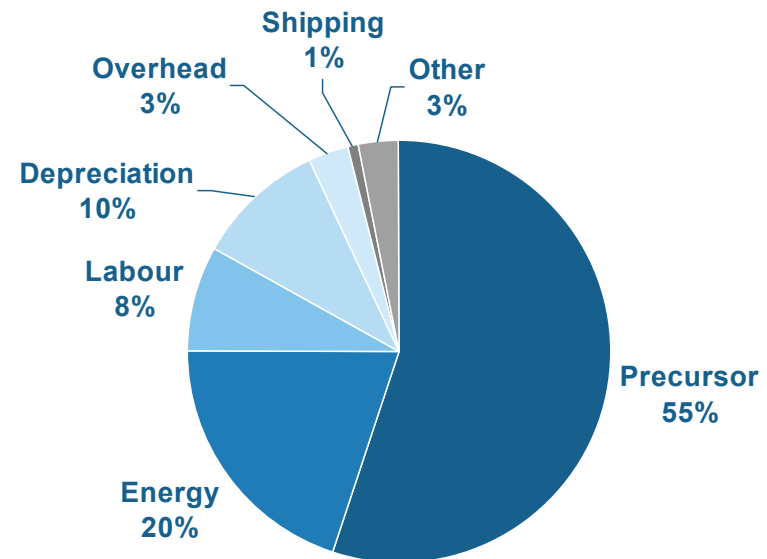
Precursor

Raw Material for Carbon Fiber Production

Precursor: Most important raw material for carbon fibers

- Determines material properties of carbon fibers
- Primary factor for carbon fiber manufacturing costs
- Based on polyacrylonitrile fibers (PAN)
- Differentiation by filaments per fiber bundles
 - **Heavy Tow** 24.000 (24K) filaments or more
 - **Low Tow** 12.000 filaments (12K) or less
- Industrial Grade: 50K carbon fiber

Cost calculation model for 50K carbon fiber



Overview Carbon Fiber Producers

An oligopolistic High-tech Market

Established Carbon Fiber Producers by Region

North America



Europe



Asia



SGL Group is the only integrated European Carbon Fiber Producer

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Expansion along the entire Value Chain

- **Global trends trigger dynamic growth of carbon fibers:**

- ✓ Energy efficiency
- ✓ Resource conservation
- ✓ Material substitution



- **Various new industrial applications support strong growth**

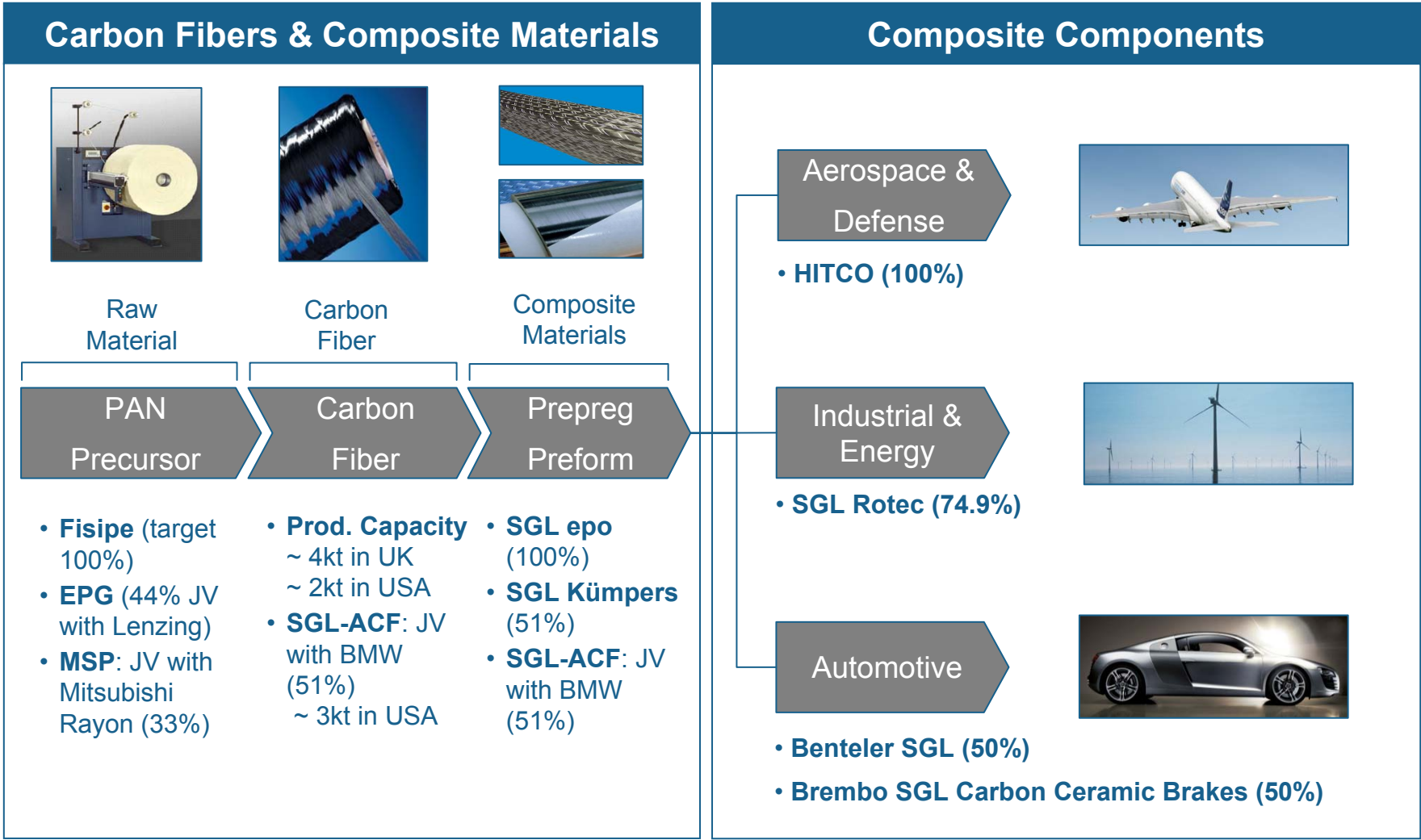
- Automotive industry (CFRP passenger cell for BMW i3 and i8)
- Engineering
- Wind Energy
- Aerospace
- Building & Construction



Source: BMW Group

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The only integrated European Carbon Fiber Producer



Outlook 2012

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Outlook 2012 strongly dependent on macroeconomic development in H2

Group

- Assuming economic recovery and stabilization in H2, sales and EBIT to grow further
- Achievement of targeted minimum Group ROS of 12% difficult due to weaker H1
- Relief from lower net financial costs and loss from investments accounted for At-Equity

Capex, Balance Sheet, Cash Flow

- Key KPI: target gearing level to remain at approx. 0.5 based on today's portfolio
- Gearing ~0.5 defines capex level
- Capex up to €150 million to be largely funded from operational cash flow
- Free cash flow of up to minus €60 million mainly due to capex and required working capital buildup (excluding payments for acquisitions)

Key risks to forecasts

- Political, economic, financial market related uncertainties

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Business Area Outlook and Key Assumptions 2012

PP	GMS	CFC
<ul style="list-style-type: none"> • Sales growth driven mainly by GE pricing, ROS comparable to 2011 <p>Graphite Electrodes</p> <ul style="list-style-type: none"> • Comparable GE volumes if global economy and electric steel production recover in H2 • Weaker volumes in H1 expected • Factor cost increases to be compensated with higher selling prices <p>Cathodes</p> <ul style="list-style-type: none"> • Volume recovery • Factor cost increases not yet compensated by selling prices • New smelter construction announcements indicate further CA growth 2013 and beyond 	<ul style="list-style-type: none"> • Stable sales compared to record 2011, ROS comfortably $\geq 10\%$ <p>Graphite Specialties</p> <ul style="list-style-type: none"> • Slightly lower volumes and thus utilization due to temporary investment pause in photovoltaic and LED industries <p>New Markets</p> <ul style="list-style-type: none"> • Continued good demand from Li-ion batteries for consumer segment <p>Process Technology</p> <ul style="list-style-type: none"> • Record order intake in 2011 promises sales growth and profitability 	<ul style="list-style-type: none"> • More than 20% sales growth, targeting break even but dependent on wind energy market <p>Carbon Fibers/ Composite Materials</p> <ul style="list-style-type: none"> • Slow start to the year expected to accelerate <p>Aerostructures</p> <ul style="list-style-type: none"> • HITCO with higher sales and earnings due to new military contracts and further production ramp up of Boeing 787 <p>Rotor Blades</p> <ul style="list-style-type: none"> • SGL Rotec expected to ramp up production and reduce losses

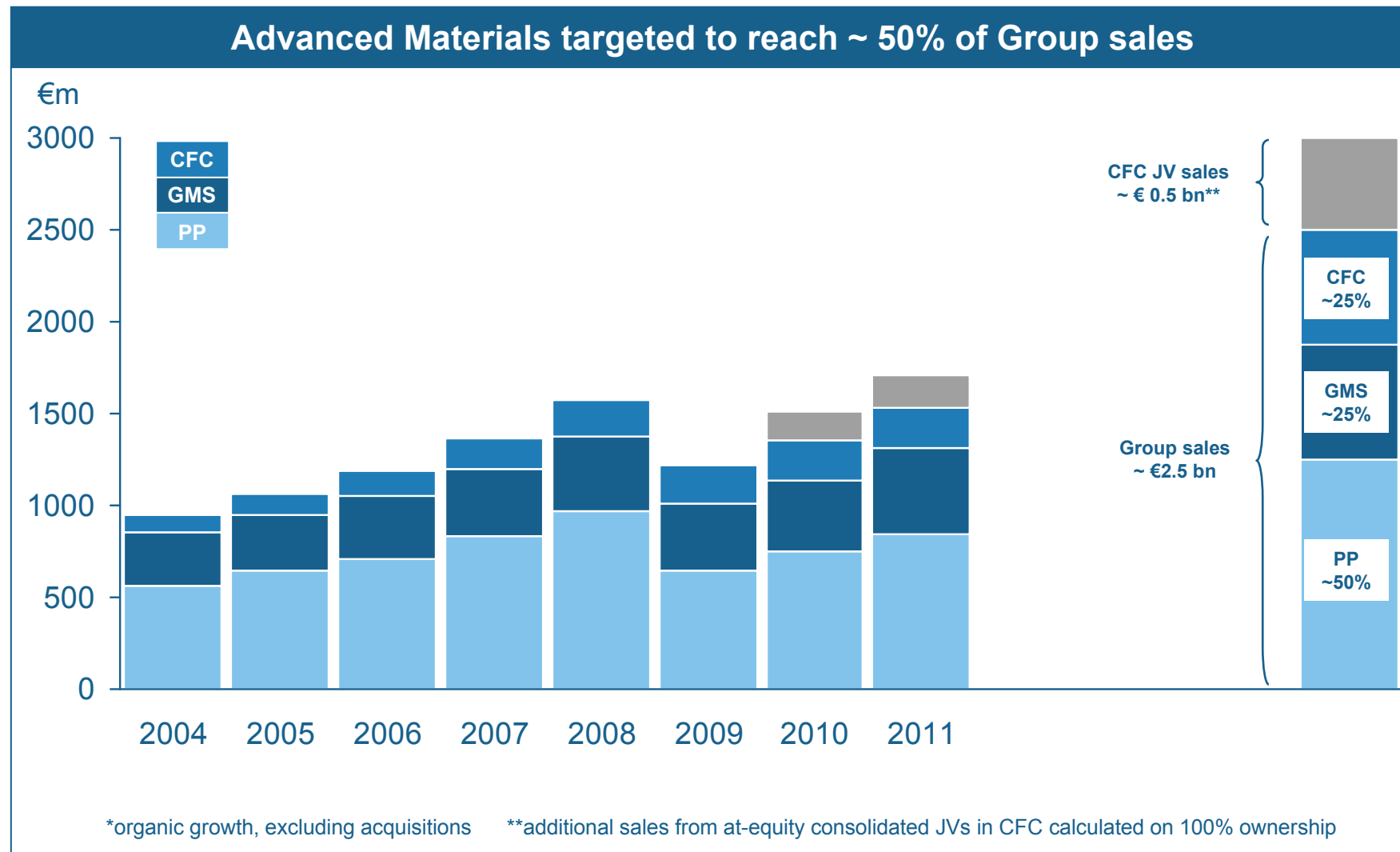
Mid Term Horizon

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Mid Term Horizon

Group Sales to increase by more than 10% p.a.*



Mid Term Horizon

Group Sales to increase by more than 10% p.a.*

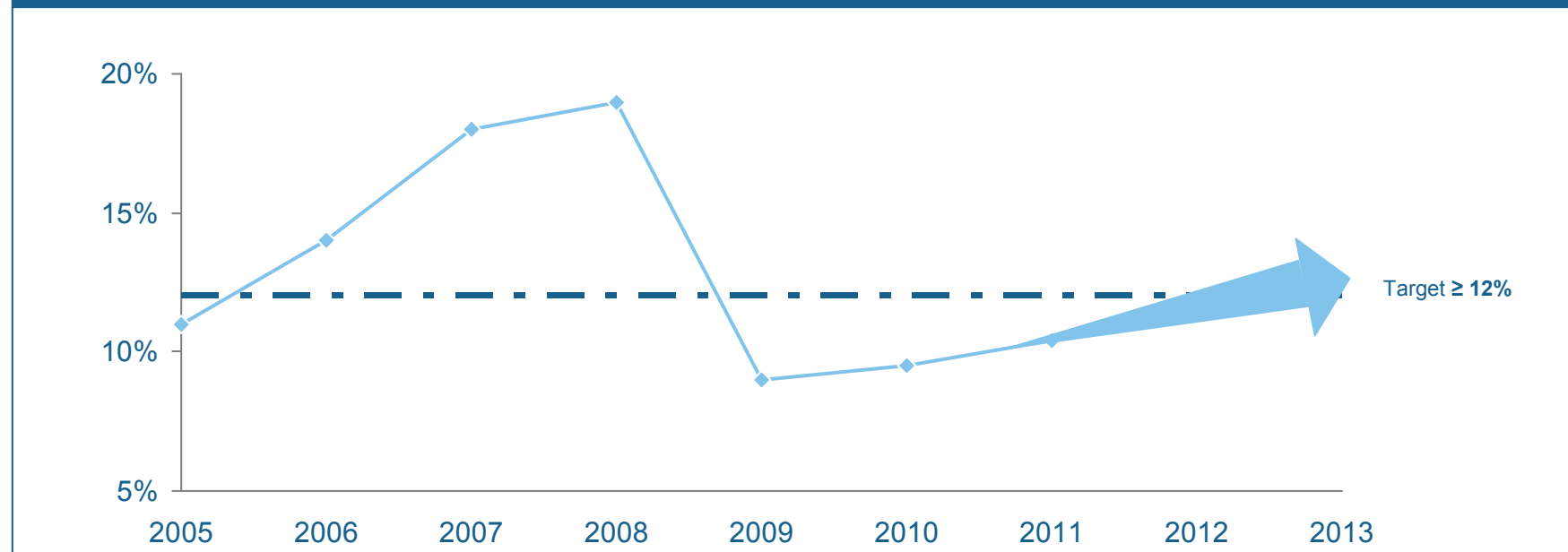
- PP expected to surpass previous sales peaks because of continued electric steel and aluminum growth
- GMS and CFC together may match PP sales (i.e. GMS and CFC together approx. 50% of Group sales)
- GMS growth accelerates with alternative energy and efficiency trends
- CFC expected to be the fastest growing business area as substitution trends accelerate
- Approximately €500 million additional sales from At-Equity accounted JVs in CFC lead to more than €1 billion total sales in CFC (calculated on 100% ownership)

*organic growth, excluding acquisitions

Mid Term Horizon

Return on Sales (ROS) target remains at minimum 12%

Group ROS target of $\geq 12\%$ to be achieved again in course of 2013 onwards

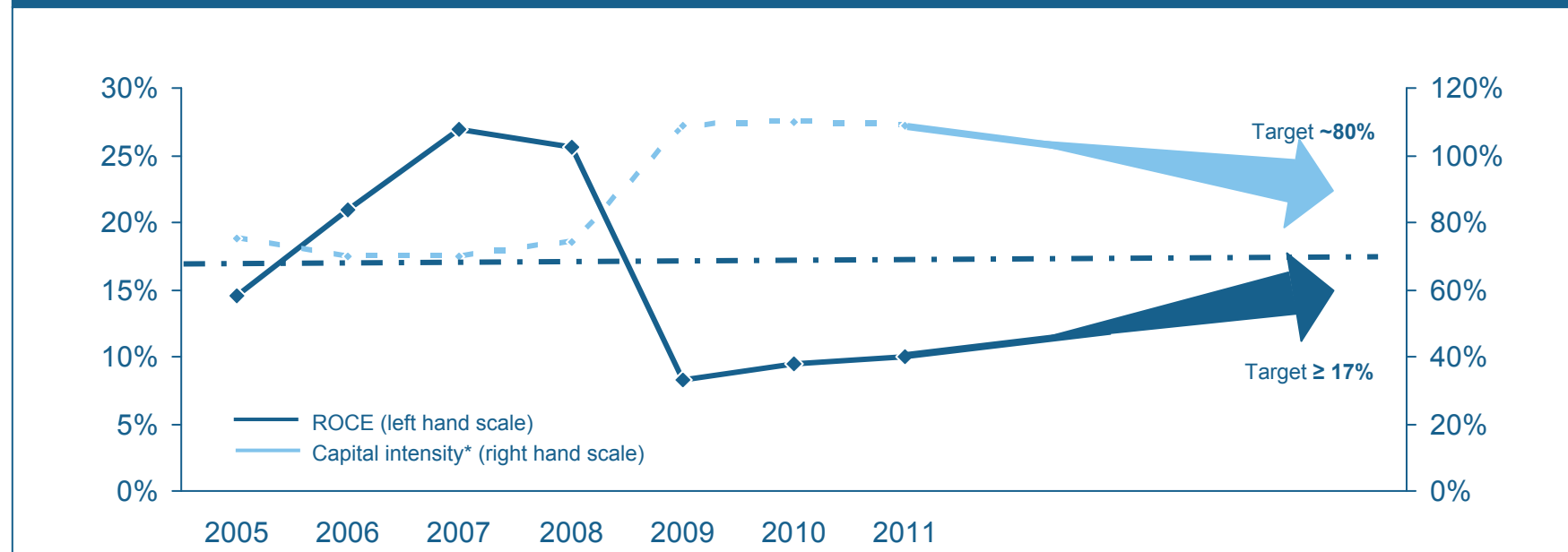


- Outlook for 2012, especially for H2, uncertain due to unclear macroeconomic environment
- New assets coming on stream contribute to sales and cash flow growth
- Higher capacity utilization expected to lead to ROS $\geq 12\%$ in course of 2013

Mid Term Horizon

Return on Capital Employed (ROCE) target remains at minimum 17%

Group ROCE target of $\geq 17\%$ to be reached again by the end of the planning period



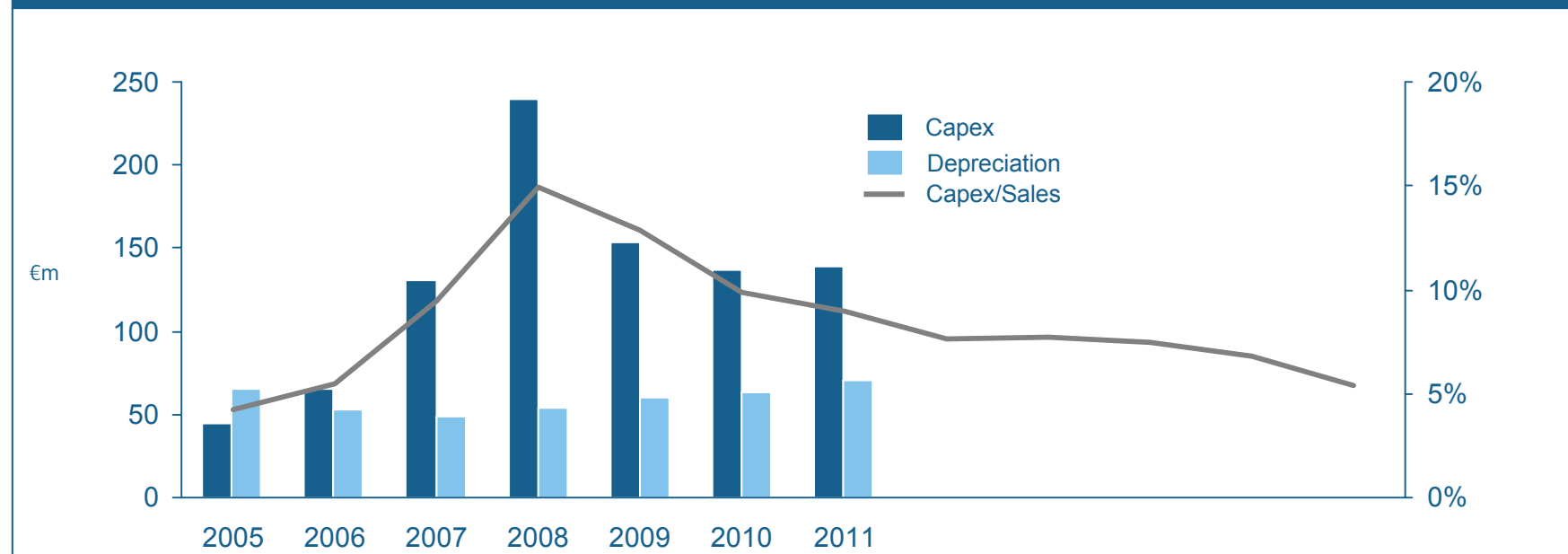
- Anticyclical investments provide basis for long term growth
- The resulting sales growth will lead to normalized capital intensity* improving from 109% in 2011 to ~80% as investment pace slows and sales growth accelerates
- As a consequence we expect to reach our Group ROCE target $\geq 17\%$ again towards the end of the planning period

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

Mid Term Horizon

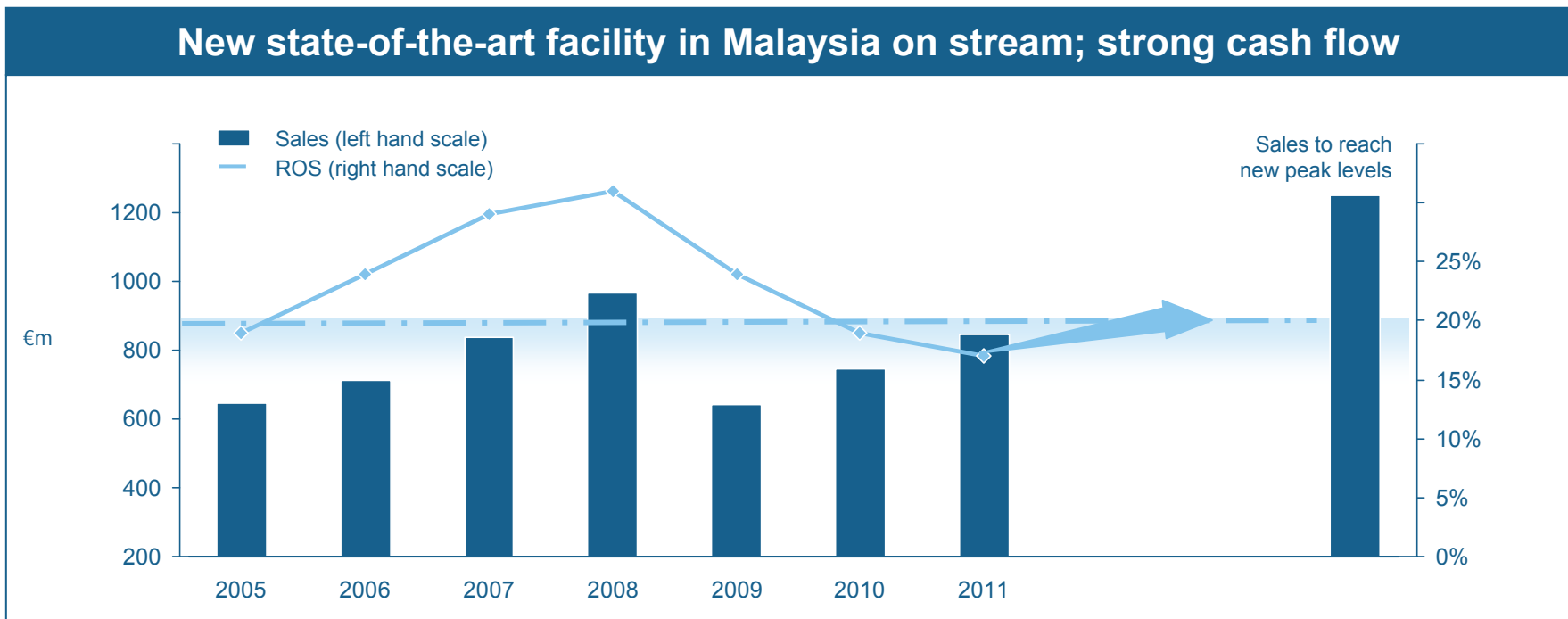
Capex remains high until 2012 – Free Cash Flow positive expected from 2013

Capex and depreciation expected to converge, capex/sales ratio to return to historical levels



- Major investments on schedule
- Capex requirements up to €150 million in 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

Mid Term Horizon Performance Products

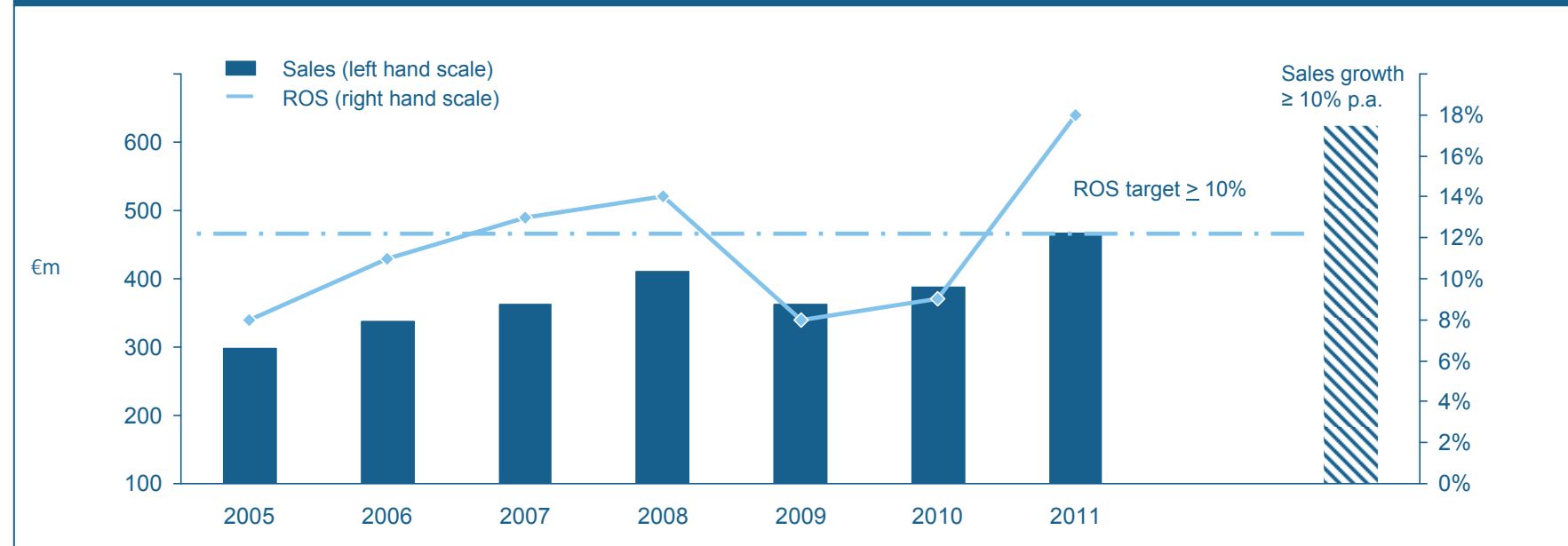


- Investment in low cost carbon & graphite hub in Malaysia will enhance competitiveness
- ROS estimated at upper end of long term average bracket 15 - 20% for a transitory period due to slowed global growth and delayed recovery of investment spending in aluminum industry
- Longer term target $\geq 20\%$ still achievable
- Plans to increase our investment in Chinese electrode production
- PP remains high performing business in terms of profitability, sales growth, and cash flow

Mid Term Horizon

Graphite Materials & Systems

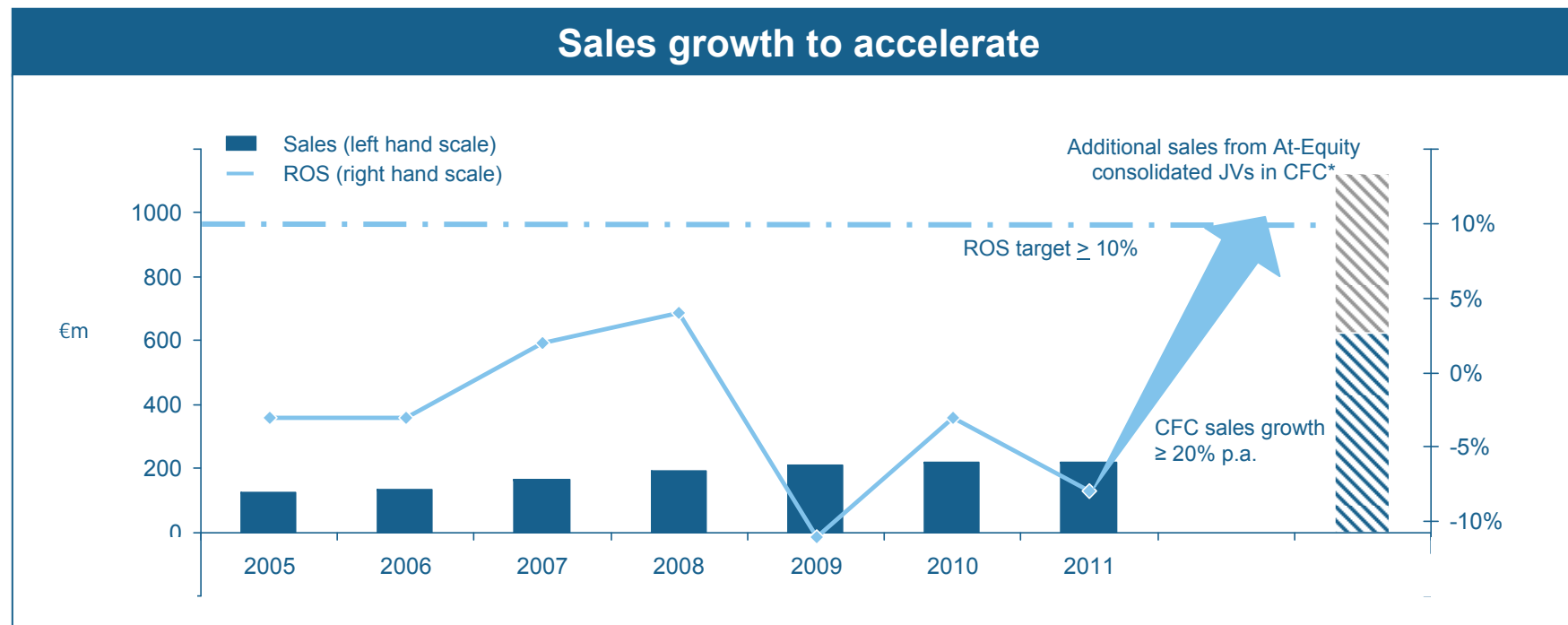
Sales growth accelerating; ROS $\geq 10\%$ throughout planning period



- Accelerated sales growth of $\geq 10\%$ 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 $\geq 10\%$ target throughout planning period
- 2012 EBIT ROS expected to be affected by investment pause in solar and LED industry following record performance in 2011

Mid Term Horizon

Carbon Fibers & Composites



*calculated on 100% ownership

- Sales growth target remains $\geq 20\%$ p.a. despite wind energy market related setbacks in recent years
- Sales growth driven by continued material substitution in aircraft, wind, industrial and automotive applications
- Total CFC sales of more than €1bn targeted for end of planning period including approximately €500 million sales of At-Equity accounted JVs (calculated on 100% ownership)
- Targeting break even for 2012 dependent on uncertainties of wind energy market
- Target ROS $\geq 10\%$ by end 2013 potentially at risk due to wind/rotor blade business

Mid Term Horizon

Key Messages and Targets on track

- New assets leading to significant sales growth → more than 10% p.a.
- Reaching Group sales of more than €2.5 billion
 - in addition approximately €500 million from At-Equity accounted JVs in CFC (calculated on 100% ownership)
- Sales growth targets raised and confirmed
 - CFC from $\geq 15\%$ p.a. → $\geq 20\%$ p.a.
 - GMS from 6% - 8% p.a. → $\geq 10\%$ p.a.
 - PP reaches record sales levels
- All three Business Areas to become profit pillars as a result of a more balanced portfolio
- Group ROS target $\geq 12\%$ to be reached in course of 2013
- Group ROCE target $\geq 17\%$ to be achieved by end of planning period
- Gearing target remains at approx. 0.5
- Free cash flow expected to turn positive in 2013

Important note:

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