



SGL GROUP
THE CARBON COMPANY

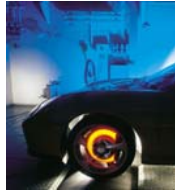
Deutsche Bank 9th German Corporate Conference

Raj Roychowdhury, Head of Investor Relations

Tokyo, 27 - 28 August 2012

BROAD BASE. BEST SOLUTIONS.

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
- 47 production sites worldwide
- Service network covering more than 100 countries
- Sales of ~€ 1.5 bn in 2011
- Head office in Wiesbaden/Germany
- Approx. 6,500 employees worldwide
- Constituent of German mid cap index, MDAX

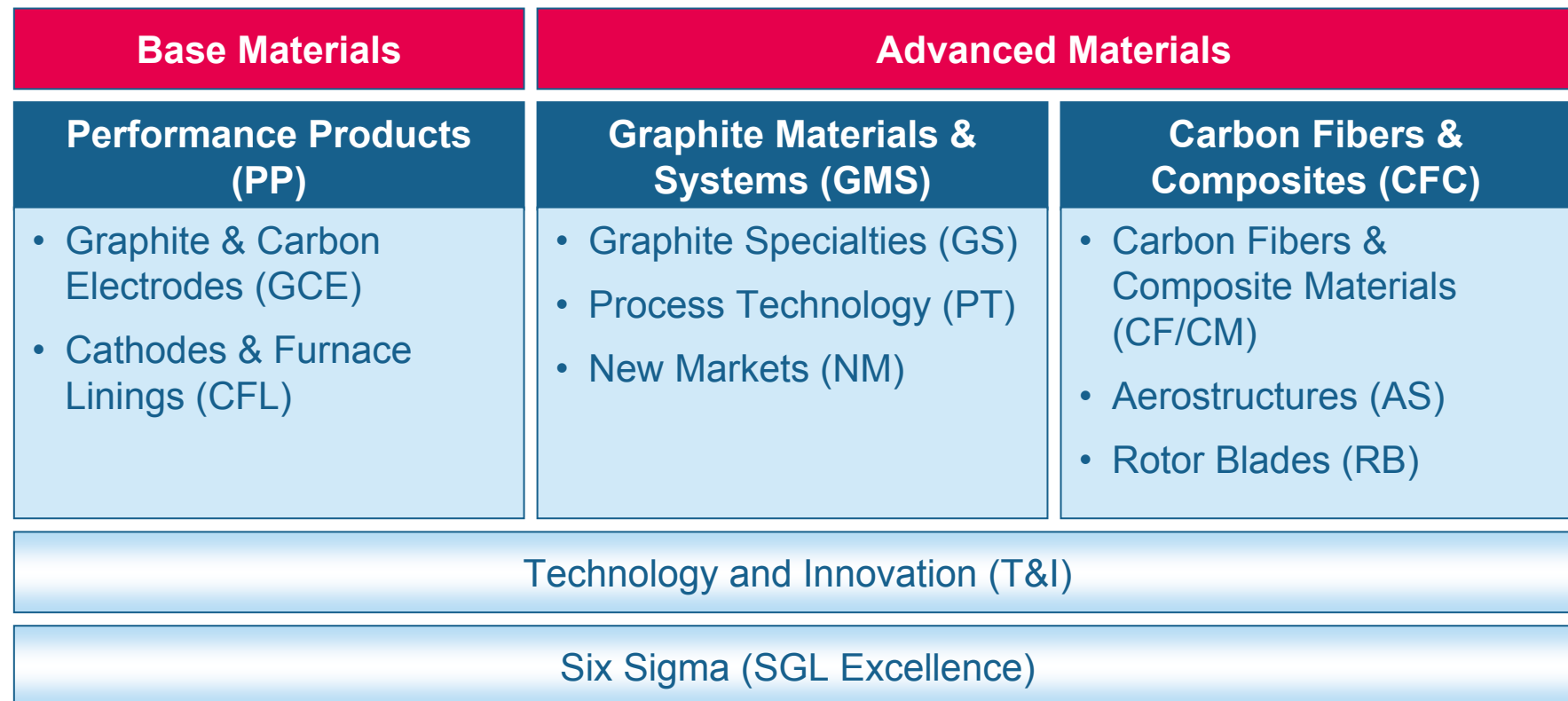
Introduction to SGL Group's Businesses

BROAD BASE. BEST SOLUTIONS.



SGL Group

Business structure



Base Materials

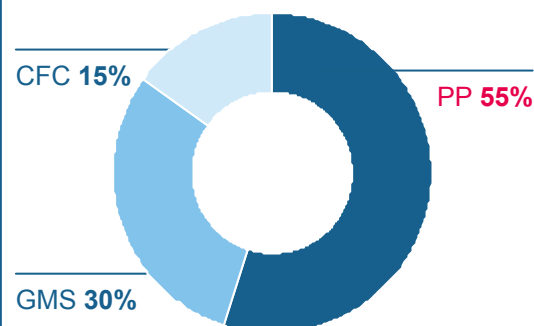
Performance Products (PP)

| | | |
|---------------------------|------------------------------------|----------------------------------|
| Base Materials | Advanced Materials | |
| Performance Products (PP) | Graphite Materials & Systems (GMS) | Carbon Fibers & Composites (CFC) |
| | | |

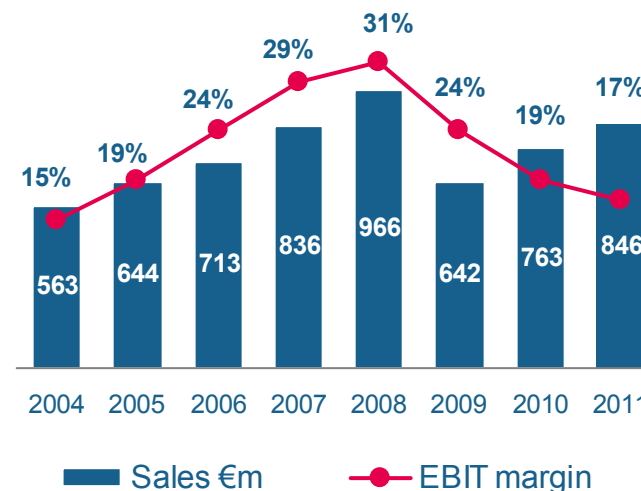
Business units

- Graphite & Carbon Electrodes
- Cathodes & Furnace Linings

2011 Group sales



PP sales & EBIT margins



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

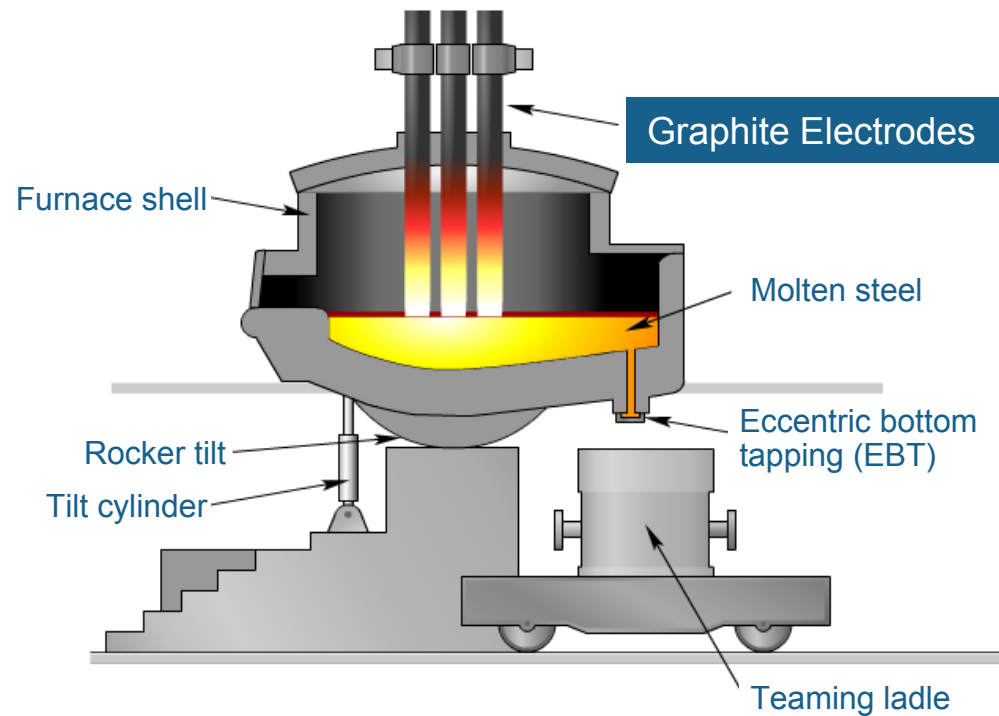
Performance Products

Graphite electrodes for electric steel production

| Base Materials | Advanced Materials | |
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| | | |

Steelmaking – An Electric Arc Furnace (EAF)

Section view through EAF



Graphite electrode



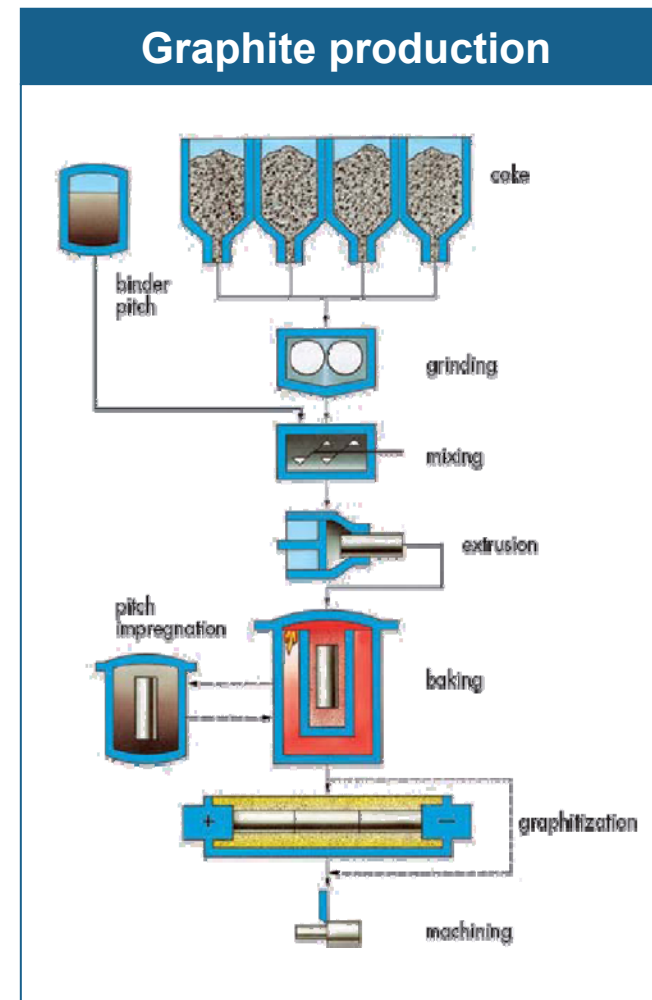
Source: steeluniversity.org

Performance Products

Graphite electrode production process

| Base Materials | Advanced Materials | |
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| | | |

- GE critical to EAF furnace efficiency but only ~ 3% of steelmaking conversion cost
 - GE is a consumable – replaced every 5 to 8h
 - GE usually sold mostly in annual contracts
 - Needle coke requirements sourced on basis of multiyear contracts
- Production process takes up to 3 months

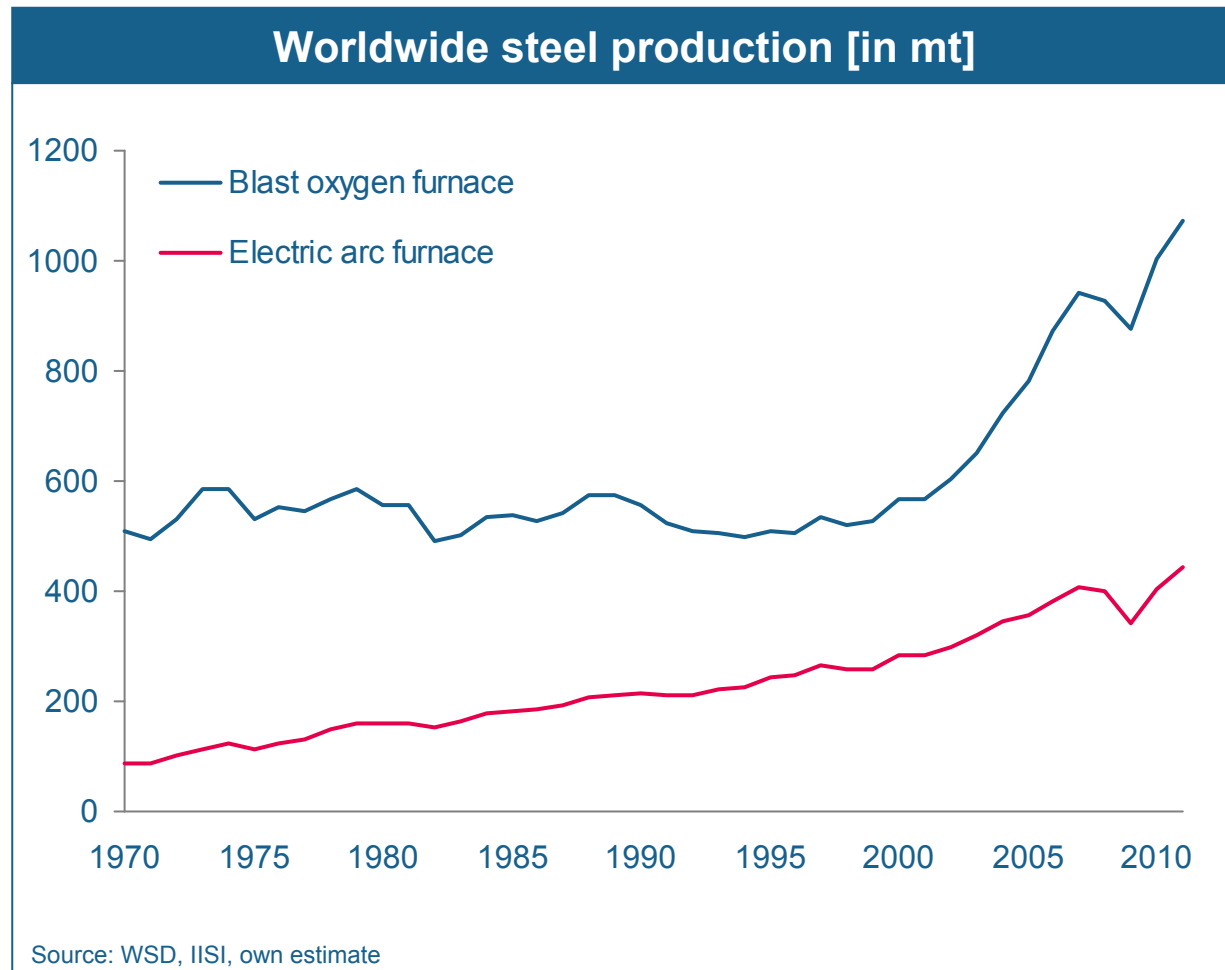


Performance Products

Graphite electrodes (GE) for steel production in EAFs

| Base Materials | Advanced Materials | |
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| | | |

- 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

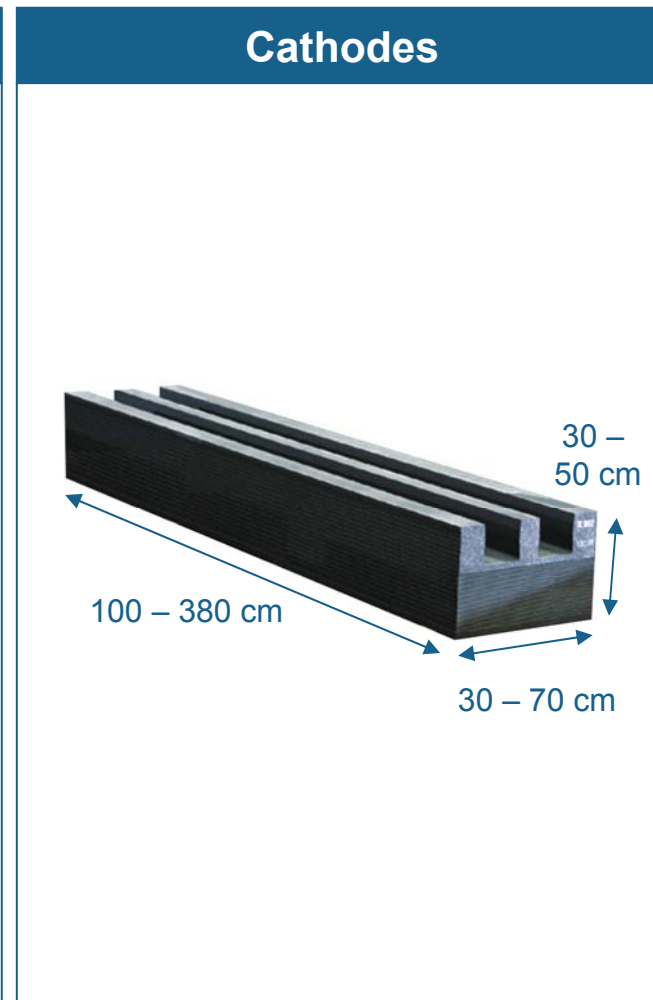
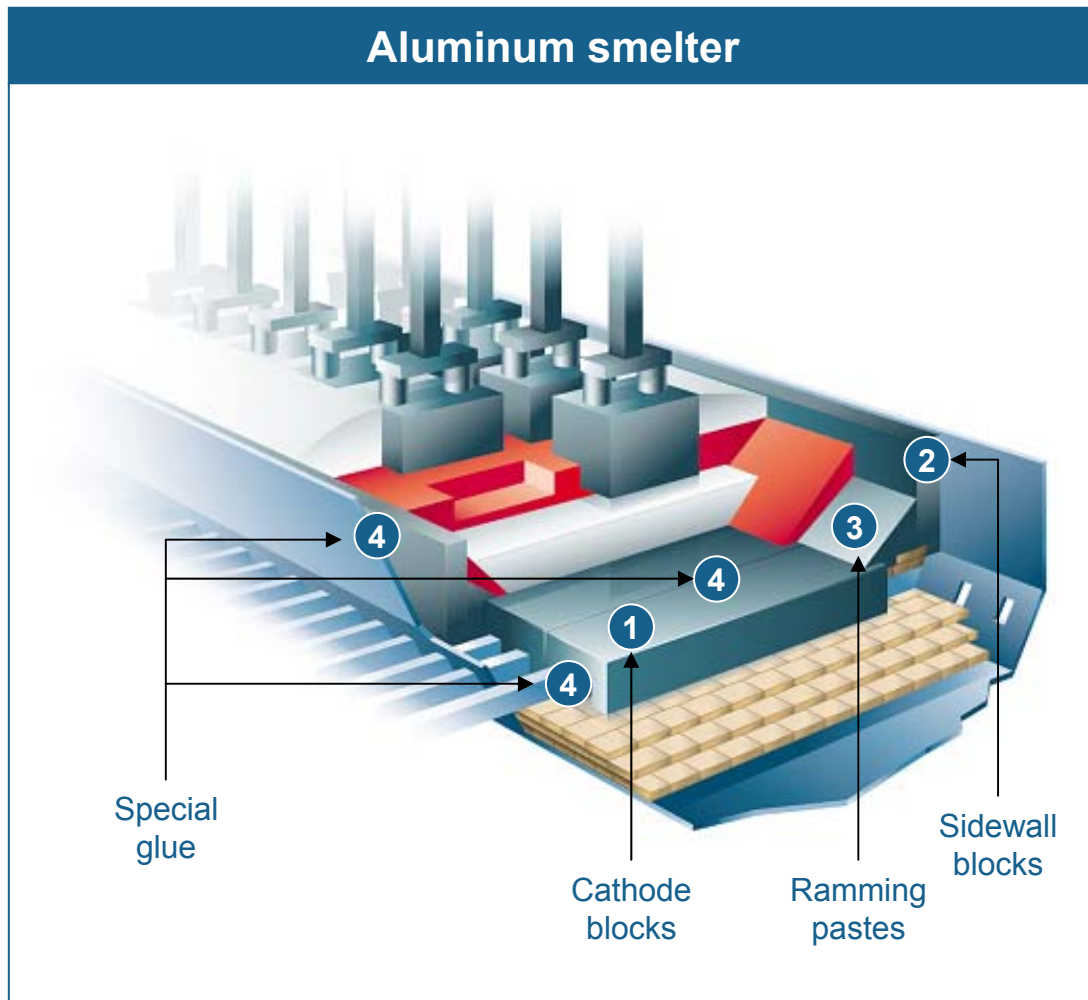


An EAF (electric arc furnace) is a furnace that heats charged scrap steel material (also known as mini mills)
BOF (blast oxygen furnace) is the steelmaking route that uses iron ore and coking coal to produce primary steel (also known as integrated steel)

Performance Products

Cathodes for the aluminum industry

| Base Materials | Advanced Materials | |
|---------------------------|------------------------------------|----------------------------------|
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| | | |



Source: SGL Group

Performance Products

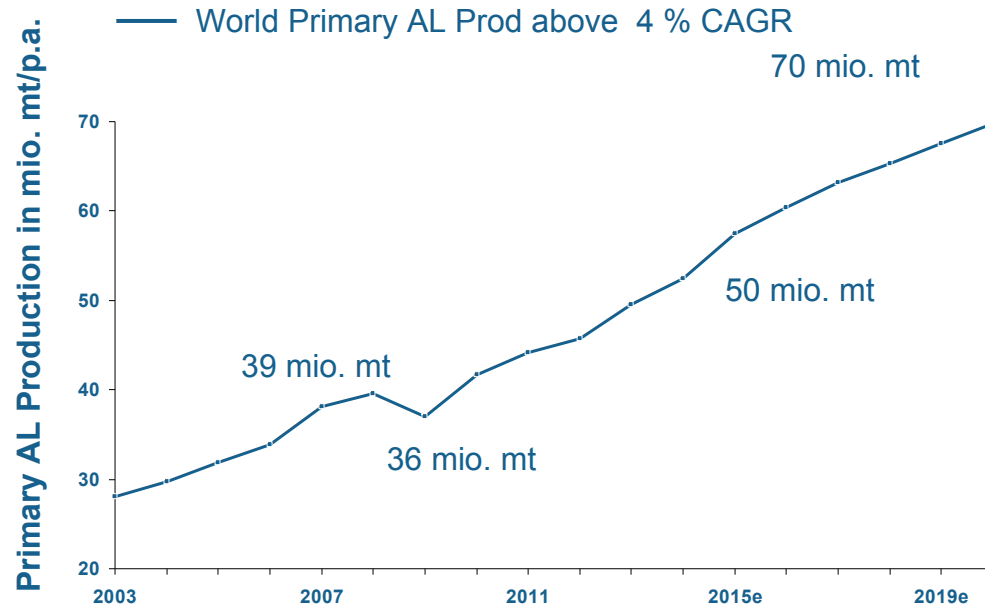
Cathodes for the aluminum industry

| | | |
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| | | |

- 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 Projects under construction and additional feasibility studies for capacity increase underway.



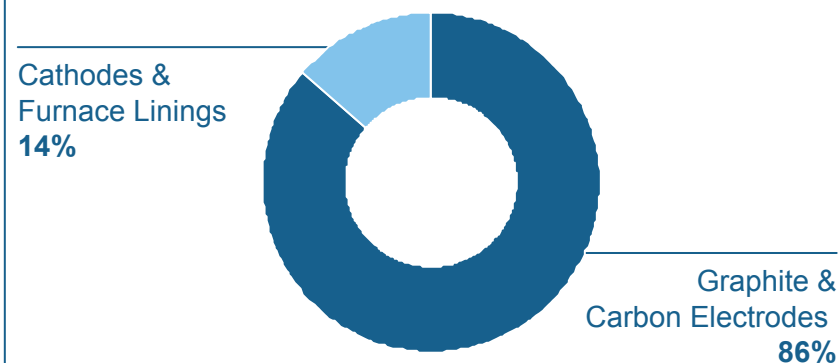
Source: IAI, Habor, SGL Group's own estimates, Hydro; Alcoa, CRU

Base Materials

Performance Products (PP)

| | | |
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| | | |

Sales – 2011



Highlights 2011

- Continued improvement in graphite electrode volumes
- Construction of full integrated Malaysian graphite plant (electrodes & cathodes) continues on schedule

Medium-term targets

- Volume growth: 2 – 3% p.a.
- ROS: 15 – 20%

Strategic priorities

- Continued cost reduction projects
- Major initiative to increase customer value through product quality and consistency
- Full integration of electrode and cathode production in Malaysia

Advanced Materials

Graphite Materials & Systems (GMS)

| | | |
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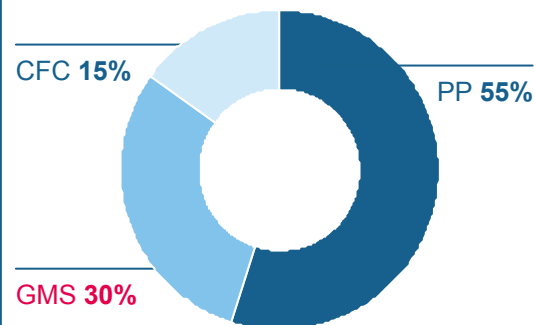
Business units

- Graphite Specialties
- New Markets
- Process Technology

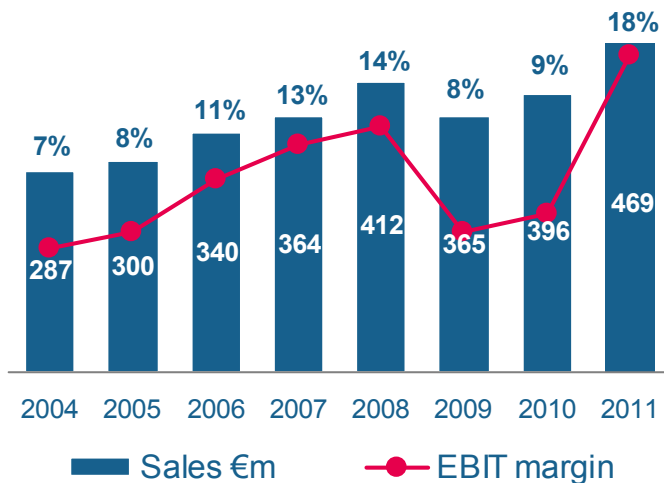
Key industries served

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

2011 Group sales



GMS sales & EBIT margins



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

Graphite Materials & Systems

Best solutions for our customers ...

| Base Materials | Advanced Materials | |
|---------------------------|------------------------------------|----------------------------------|
| Performance Products (PP) | Graphite Materials & Systems (GMS) | Carbon Fibers & Composites (CFC) |
| | | |

... 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

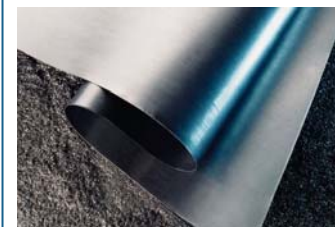


... in the Chemical and Automotive Industry



Flange sealed by a gasket

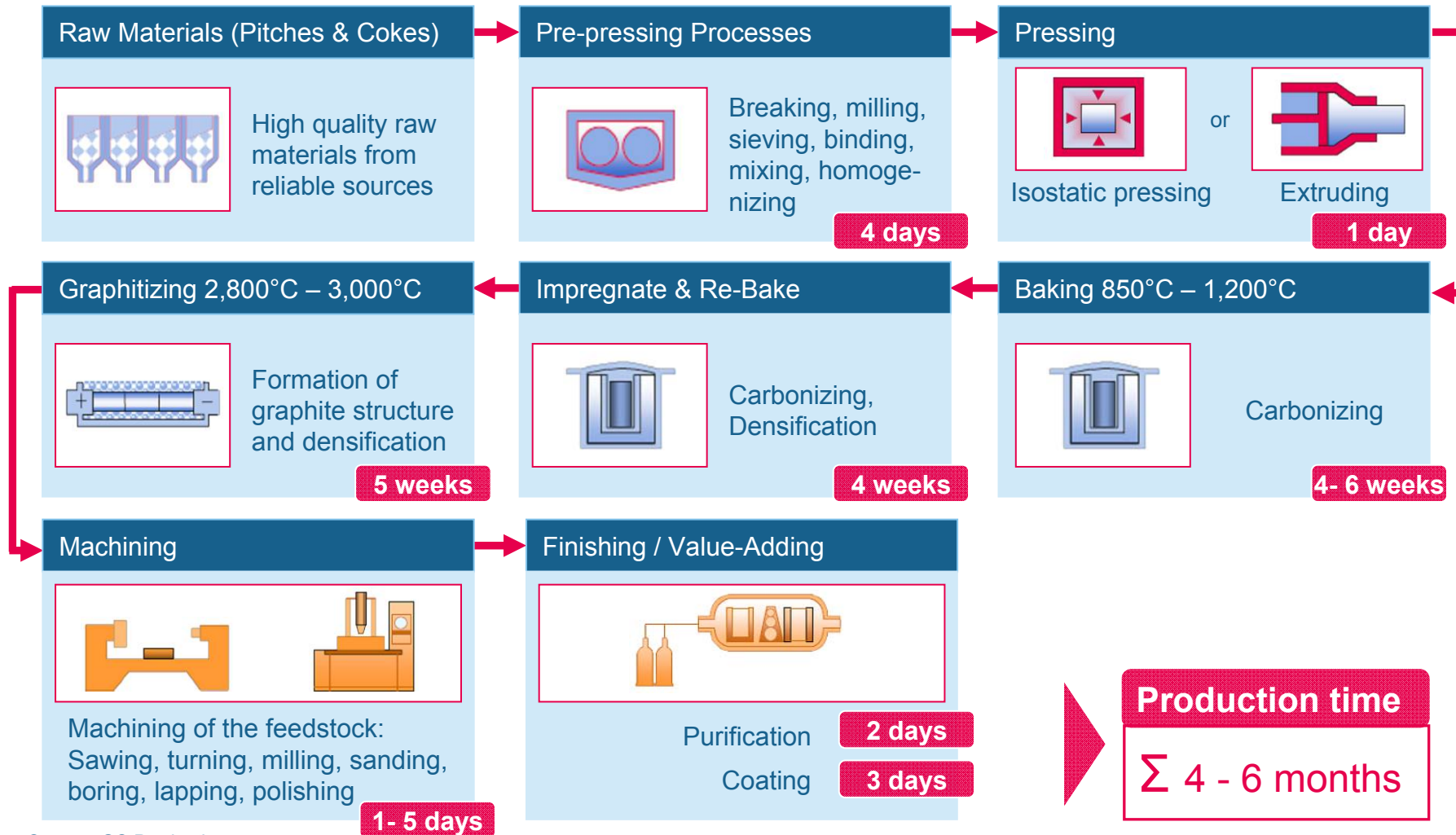
Reinforced Graphite Sealing Sheet



Flexible Graphite Foil

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

| Base Materials | Advanced Materials | |
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| | | |



Source: GS Production

Graphite Materials & Systems

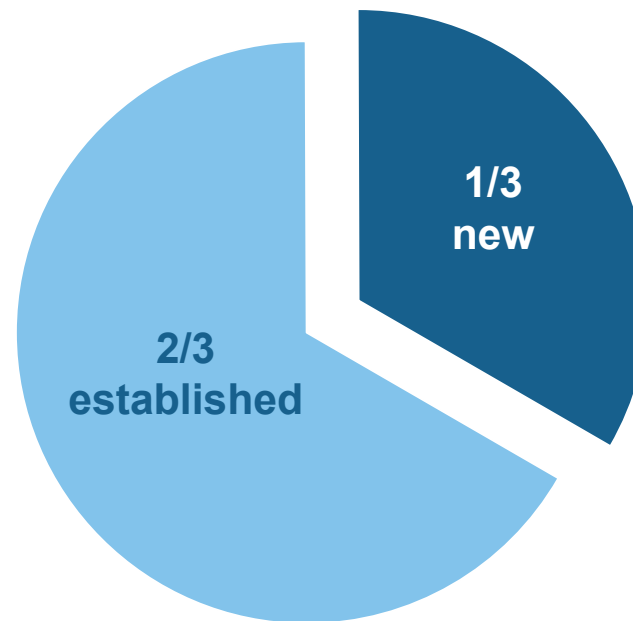
Innovation driving new product portfolio

| Base Materials | Advanced Materials | |
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| | | |

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 2011 sales: €469 million



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

Graphite Materials & Systems

Major customer industries and market shares 2011

| | | |
|---------------------------|------------------------------------|----------------------------------|
| Base Materials | Advanced Materials | |
| Performance Products (PP) | Graphite Materials & Systems (GMS) | Carbon Fibers & Composites (CFC) |
| | | |

| | % of total GMS sales 2011 | Global market share 2011 |
|-----------------------------|---------------------------|--------------------------|
| Chemicals | 24% | 30% |
| Energy: Solar | 21% | 25% |
| Energy: Batteries & Nuclear | 13% | 25% |
| Semiconductor (incl. LED) | 8% | 20% |
| Metallurgy | 7% | 20% |
| Tool manufacturing | 6% | 15% |
| Automotive | 4% | 15% |
| High-temperature processes | 3% | 15% |

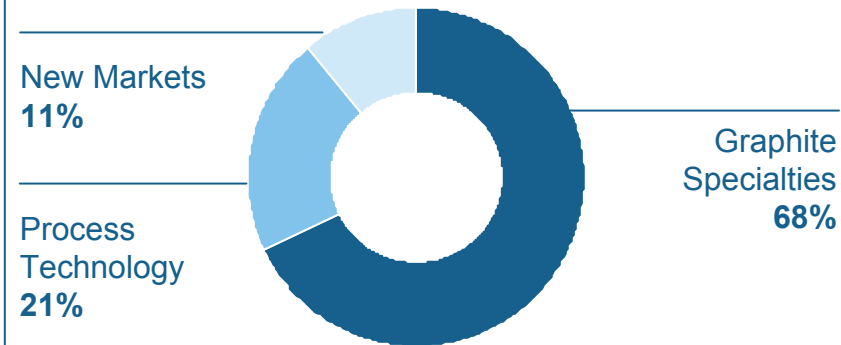
Source: SGL Group's own estimates

Advanced Materials

Graphite Materials & Systems (GMS)

| | | |
|---------------------------|------------------------------------|----------------------------------|
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| | | |

Sales – 2011



Highlights 2011

- Record sales and ROS due to high demand from all customer industries
- Capacity expansion on stream to accompany increasing demand of industries such as photovoltaic, LED, etc. (isostatic graphite)
- Process Technology ended 2011 with record number of new orders

Medium-term targets

- Sales growth: >10% p.a.
- ROS: >10%

Strategic priorities

- Capture market opportunities in fast growing markets with timely investments
- Maintain leading position in all core product technologies
- Further improve business position in Asia by strengthening local investments and skills

Advanced Materials

Carbon Fibers and Composites (CFC)

| | | |
|---------------------------|------------------------------------|----------------------------------|
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| | | |

Business units

- Carbon Fibers/ Composite Materials
- Aerostructures
- Rotor Blades

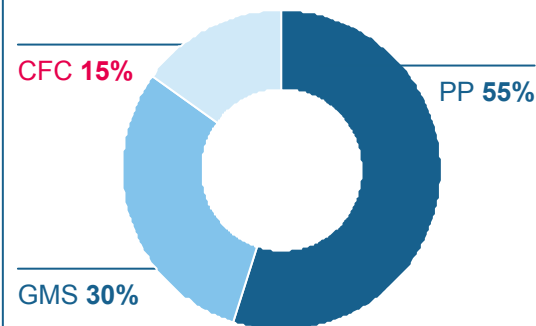
At-Equity JVs

- BMW, Brake Disc, Components

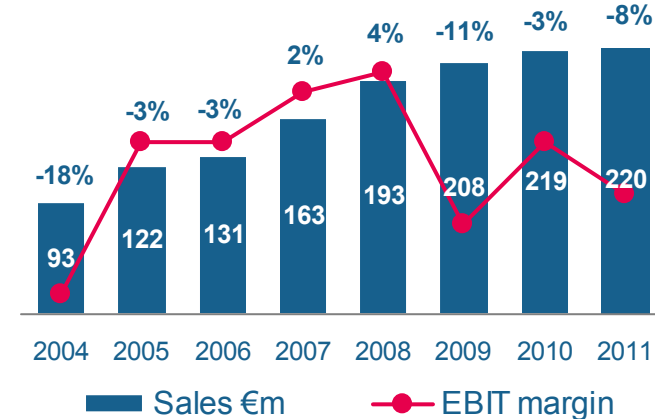
Key industries served

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

2011 Group sales



CFC sales & EBIT margins



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

Carbon Fibers & Composites

Best solutions for our customers

| Base Materials | Advanced Materials | |
|---------------------------|------------------------------------|-----------------------------------|
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| | | |



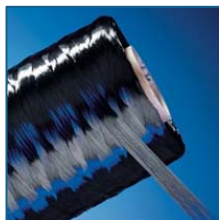
SGL Group

The only integrated European carbon fiber producer

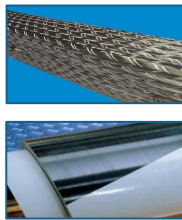
Carbon Fibers & Composite Materials



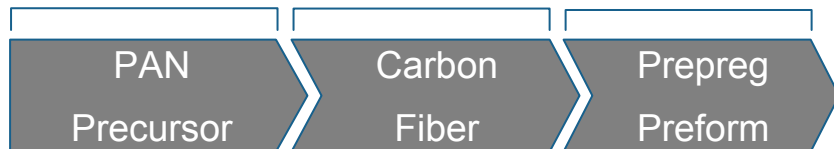
Raw Material



Carbon Fiber



Composite Materials



- **Fisipe** (target 100%)
- **EPG: JV** with Lenzing) (44%)
- **MSP: JV** with Mitsubishi Rayon (33%)

- **Prod. Capacity** ~ 4kt in UK ~ 2kt in USA
- **SGL-ACF: JV** with BMW (51%) ~ 3kt in USA

- **SGL epo** (100%)
- **SGL Kümpers** (51%)
- **SGL-ACF: 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%)



Recent Acquisition Fisipe: Precursor for Carbon Fiber Production

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)



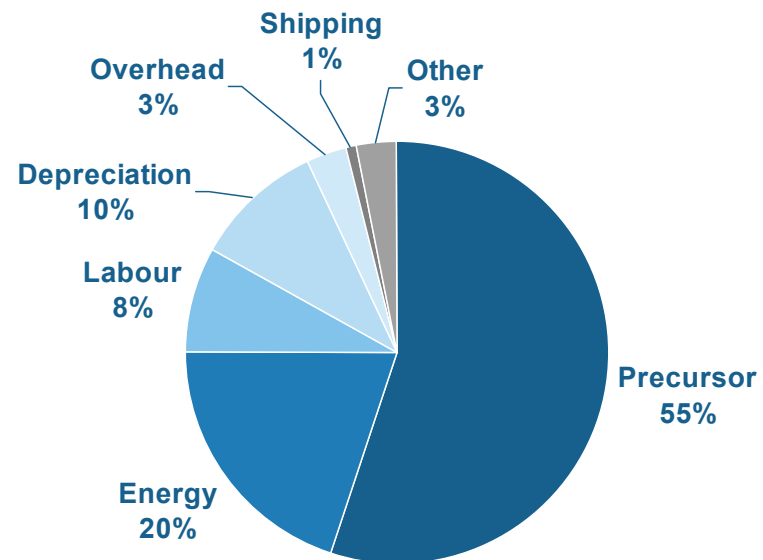
Recent Acquisition Fisipe: Precursor for Carbon Fiber Production

Decisive for Cost and Quality

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

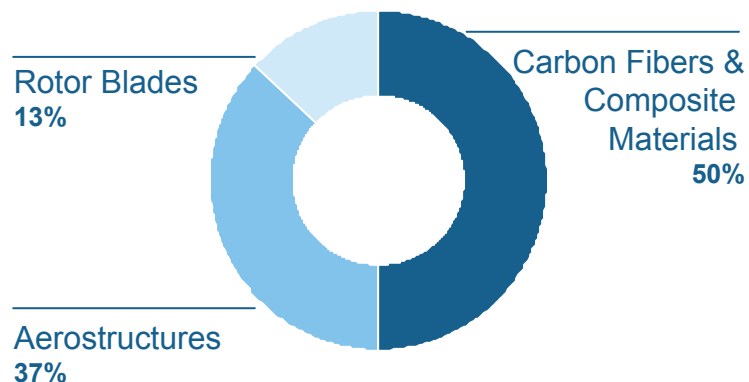


Advanced Materials

Carbon Fibers and Composites (CFC)

| | | |
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| | | |

Sales – 2011



Highlights 2011

- Carbon Fibers & Composite Materials (CF/CM):
 - Improved volumes and capacity utilization
 - JVs with BMW Group for automotive materials progressing on schedule
- Aerostructures (AS)
 - Improved profitability due to further ramp up of customer projects; new investments in automation to support further growth in aerospace & defense business
- Rotor Blades (RB):
 - Wind industry project delays and cancellation of a major order caused lack of sales and low utilization

Medium-term targets

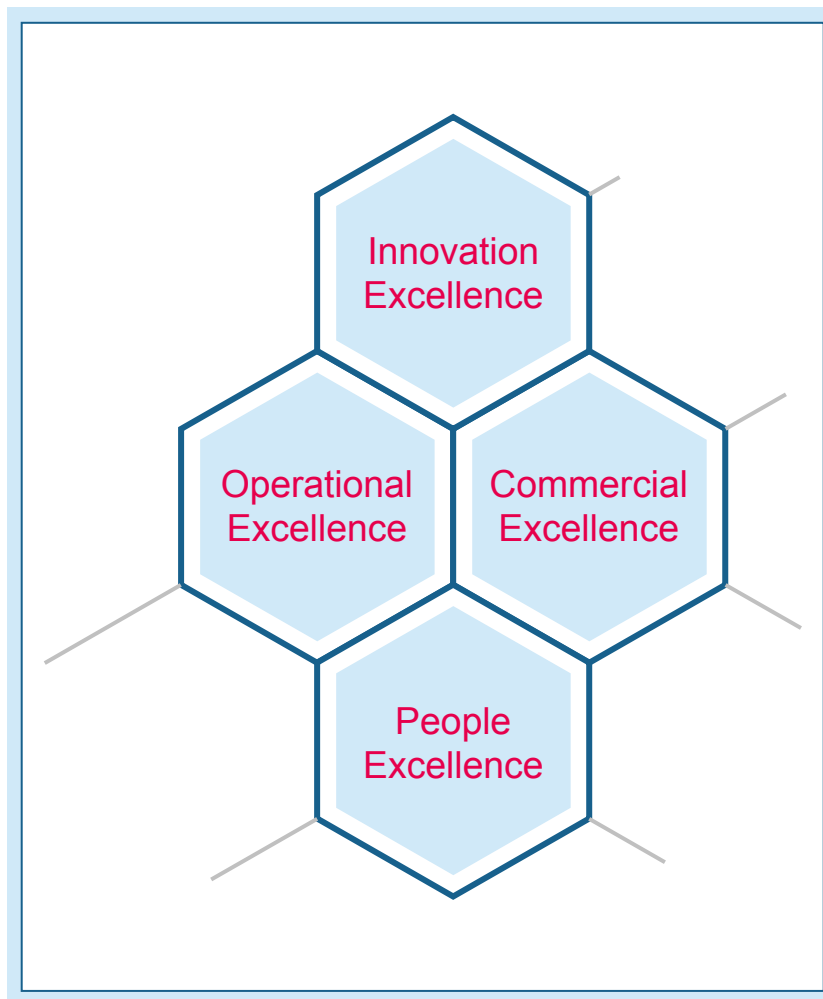
- Sales growth: > 20% p.a.
- ROS : > 10%
(by end of 2013, subject to wind energy market developments)

Strategic priorities

- Become supplier of choice for our focus markets
 - Automotive
 - Alternative energies
 - Aviation / defense technology
 - Industrial, Construction
- Expand Carbon Fiber and Composite capacities
- Support organic growth with targeted partnerships and acquisitions
- Safeguard own raw material supply

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

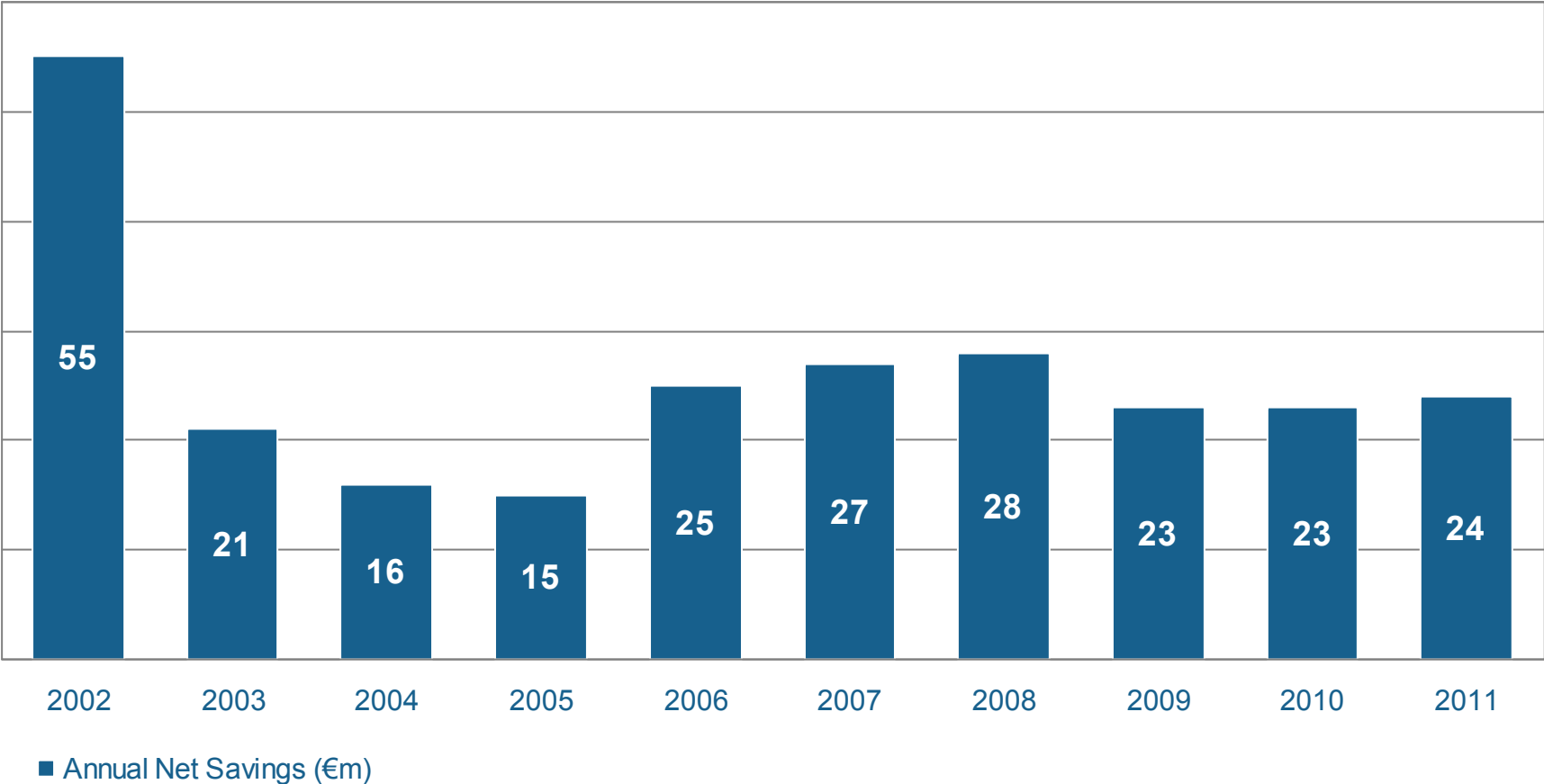
SIX SIGMA + LEAN

- 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**
 - > **120 Black Belts**

Ensuring the future

SGL Excellence savings

Since 2002 continuous cost reduction of €257 million in total



Near term outlook

BROAD BASE. BEST SOLUTIONS.



SGL Group

Outlook 2012 strongly dependent on macroeconomic development in H2

Group

- Assuming world economy will begin to pick up pace in H2, FY 2012 sales to grow vs. 2011
- EBIT to remain on 2011 level of approx. €160 million due to higher losses in CFC vs. 2011
- Relief from lower loss from investments accounted for At-Equity, financial result will be impacted by new convertible bond issue in April 2012

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 (including Fisipe) to be largely funded from operational cash flow
- Free cash flow (excluding acquisitions and dividend payment for FY 2011) of up to minus €60 million
- Free cash flow including payments relating to Fisipe acquisition (excluding dividend payment for FY 2011) of approx. minus €115 million

Key risks to forecasts

- Political, economic, financial market related uncertainties

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%, adjusted conversion price of €36.30 (maturity 2013) (originally €200 million prior to conversion)
- €200 million credit facility, undrawn (original 2012 maturity extended to 2015)

Followed by supplemental debt instruments in June 2009 and in April 2012

- €134.7 million* Convertible Bond at 3.5%, adjusted conversion price of €29.21 (maturity 2016) (originally €190 million prior to conversion)
- €240 million Convertible Bond at 2.75%, adjusted conversion price of €43.84 (maturity 2018)

SGL Group has solid balance sheet ratios and liquidity at end of June 2012

- Equity ratio: 44%
- Gearing: 0.51
- Total liquidity: €267 million



SGL Group has currently no refinancing requirements

* As at July 31, 2012

Fundamental long-term growth drivers and mid term horizon

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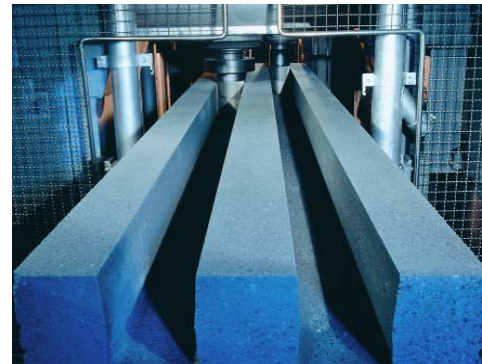
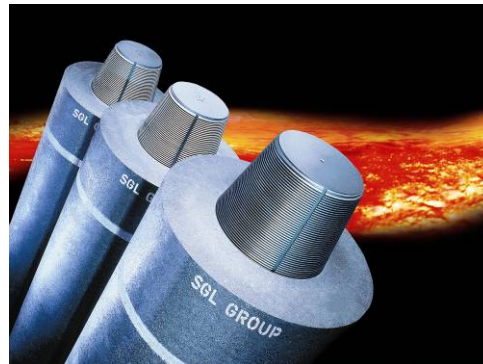


Fundamental long-term growth drivers for our businesses

**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

Our carbon based products offer sustainable solutions towards less CO₂

2011 Sales (in €m)

1.540

approx. 70% of Group Sales

~ 1.050

12%

13%

76%

Light weight
Alternative
energies

Energy
efficiency

Aerospace

Automotive

Wind

Solar

Scrap recycling

Batteries

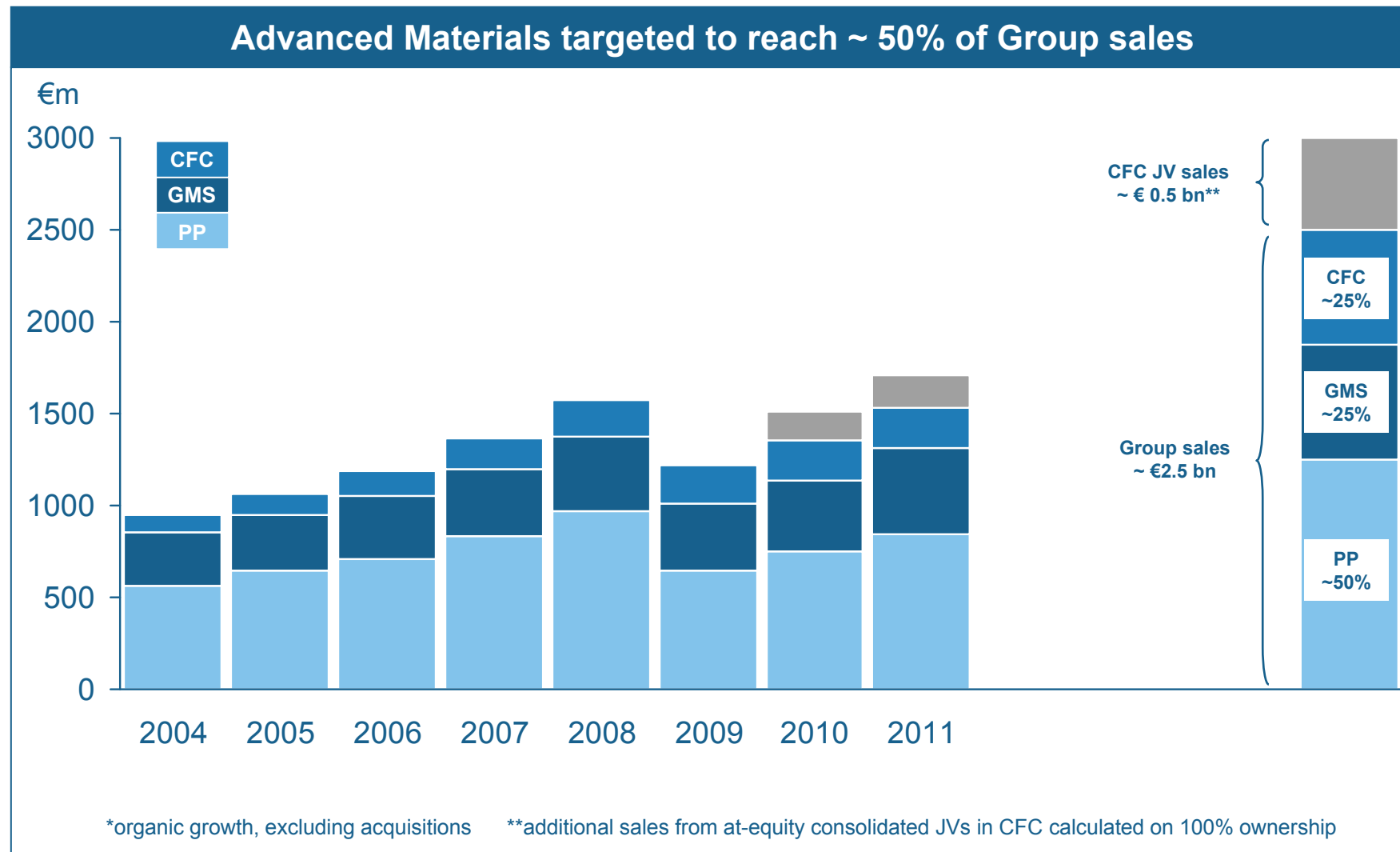
Automotive

Cooling systems



Mid Term Horizon

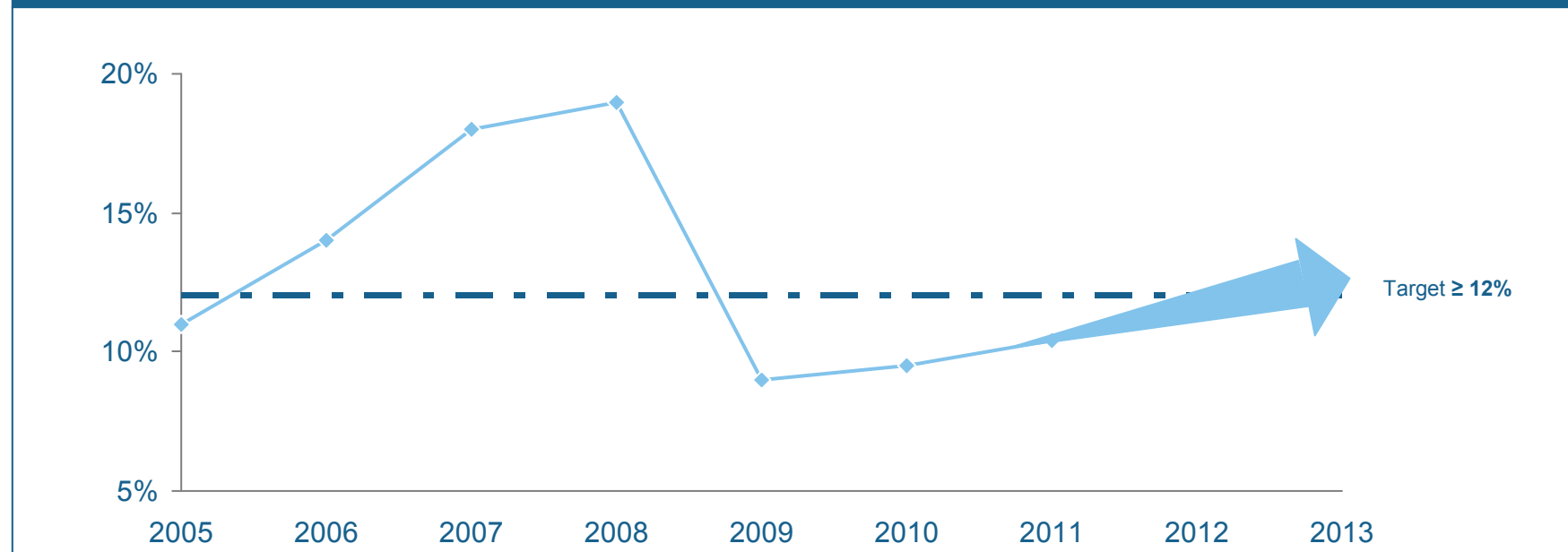
Group Sales to increase by more than 10% p.a.*



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

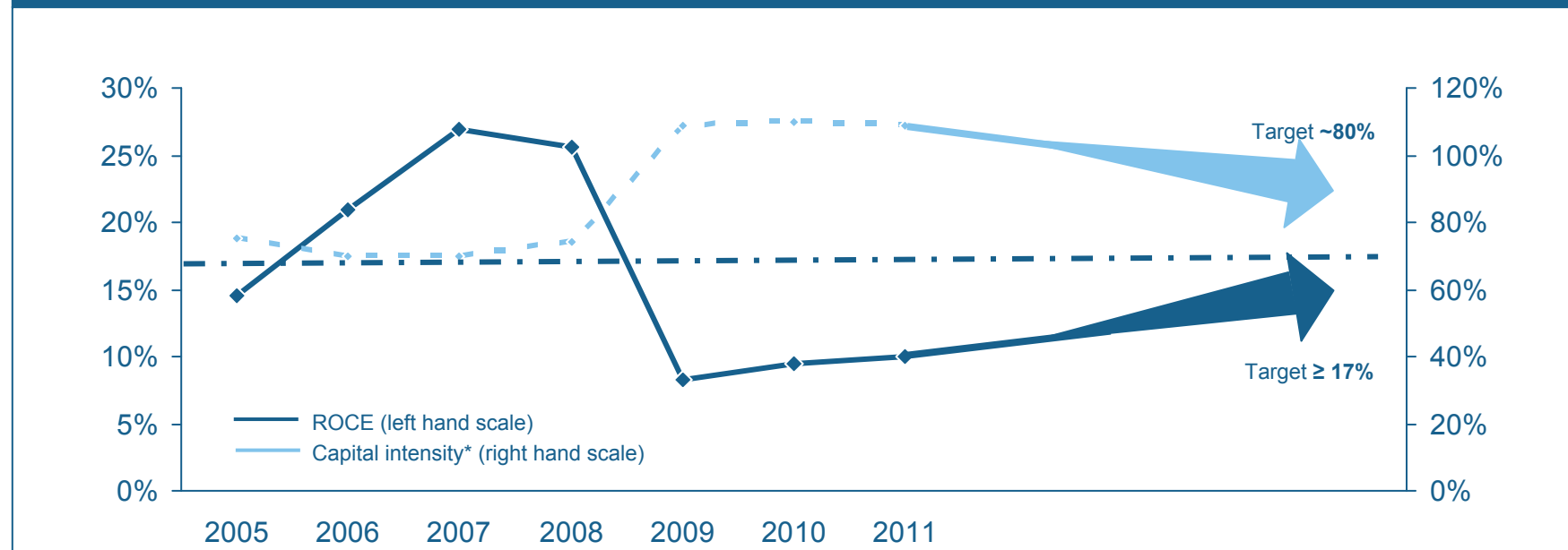


- Outlook for 2012, especially for H2, uncertain due to unclear macroeconomic environment
- New assets coming on stream contribute to sales and cash flow growth
- Higher capacity utilization expected to lead to ROS $\geq 12\%$ in course of 2013

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



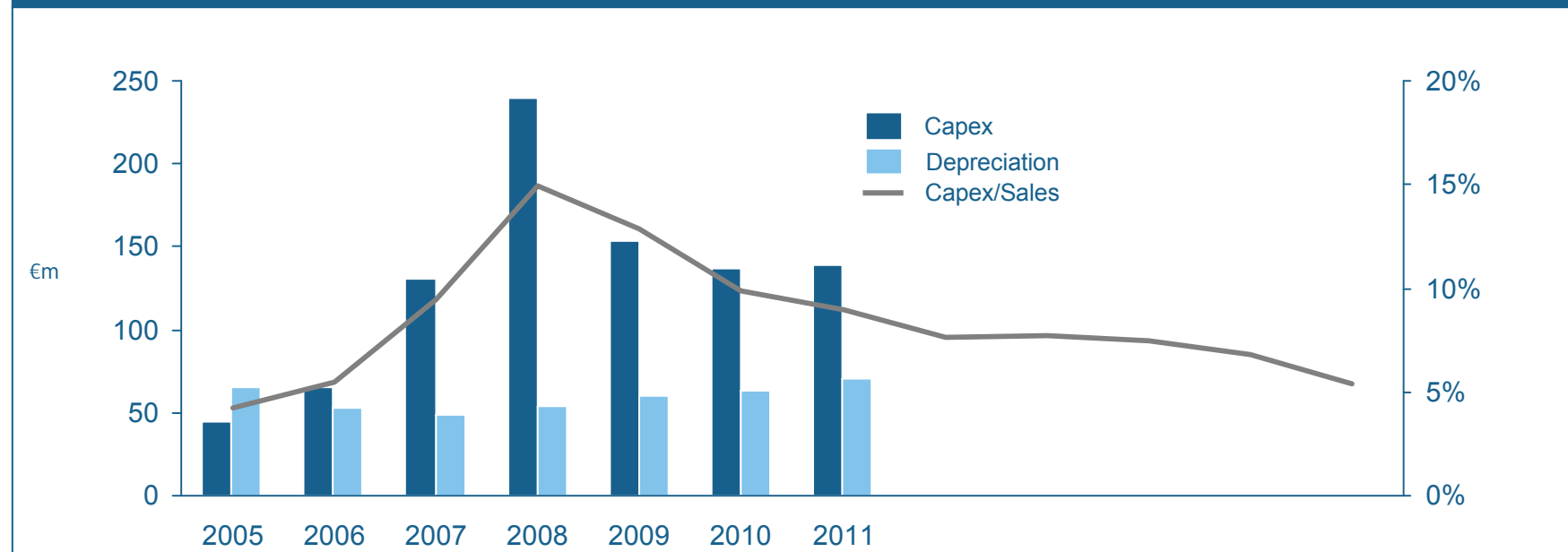
- Anticyclical investments provide basis for long term growth
- The resulting sales growth will lead to normalized capital intensity* improving from 109% in 2011 to ~80% as investment pace slows and sales growth accelerates
- As a consequence we expect to reach our Group ROCE target $\geq 17\%$ again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

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

Mid Term Horizon

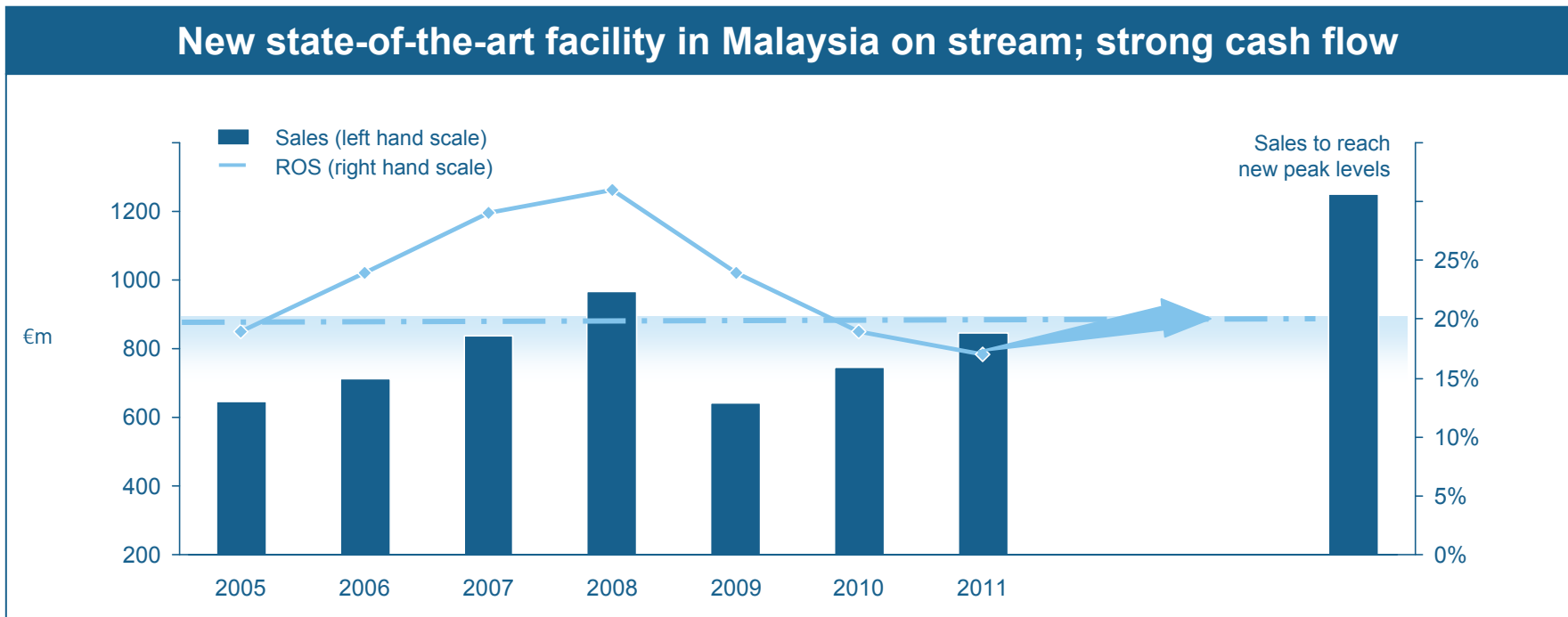
Capex remains high until 2012 – Free Cash Flow positive expected from 2013

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 (before acquisitions) starting 2013
- Gearing target remains at approx. 0.5 and is indicative for capex levels

Mid Term Horizon Performance Products

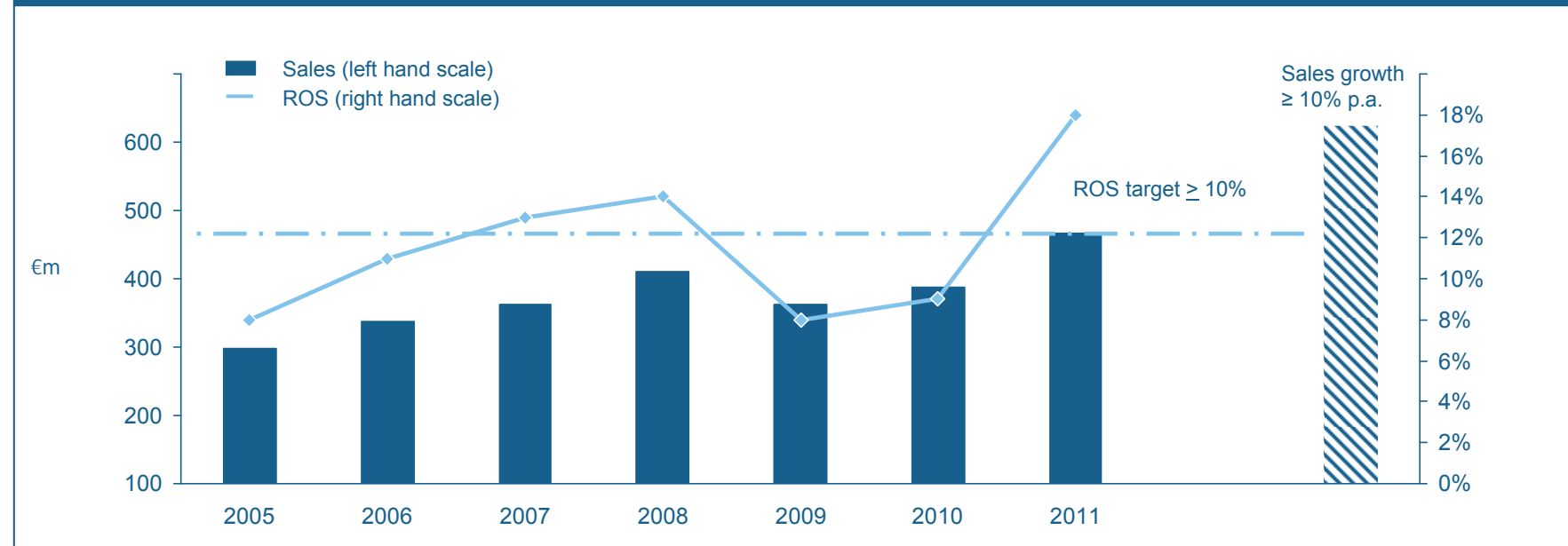


- Investment in low cost carbon & graphite hub in Malaysia will enhance competitiveness
- ROS estimated at upper end of long term average bracket 15 - 20% for a transitory period due to slowed global growth and delayed recovery of investment spending in aluminum industry
- Longer term target $\geq 20\%$ 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

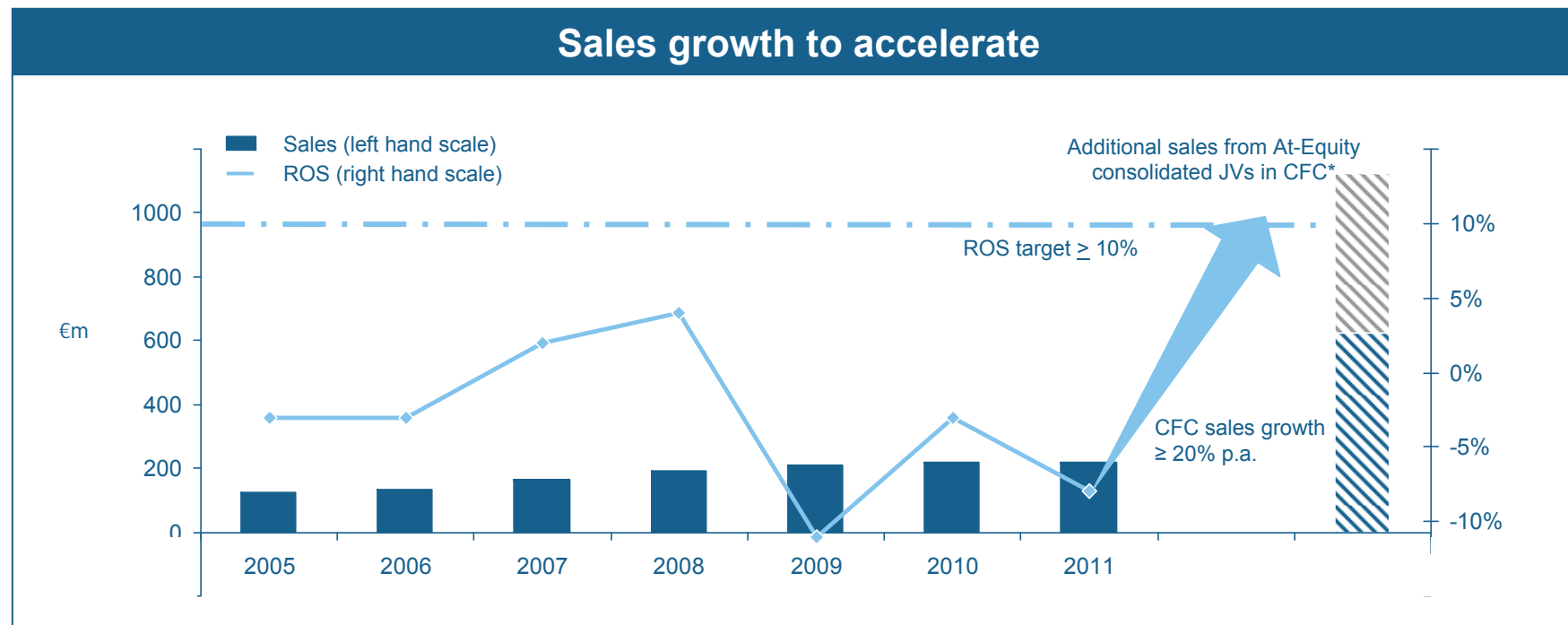
Sales growth accelerating; ROS $\geq 10\%$ throughout planning period



- 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 cyclical downturn in solar and LED industries 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)
- 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 (subject to macroeconomic and political developments)
- 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

**Thank you very much for your attention -
I am now happy to take your questions**

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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.