

Broad Base. Best Solutions.



SGL GROUP
THE CARBON COMPANY

Investor Relations Presentation

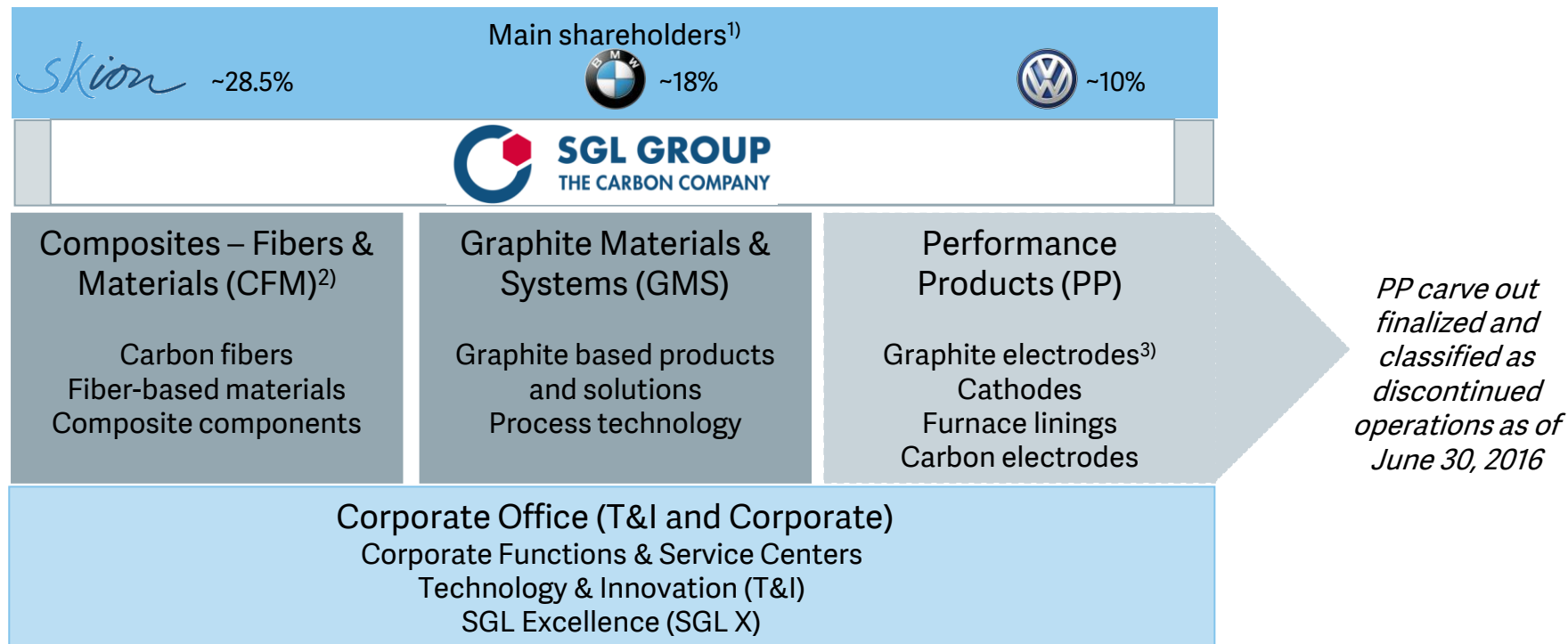
February 2017

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Introduction to SGL Group's Businesses

Lean organization. Streamlined to two business units and a corporate office



¹⁾ according to their respective latest notifications (VW notification as of June 1, 2016; however VW did not participate in the December 2016 rights issue)

²⁾ Includes stakes of 51% in JV with BMW (proportionally consolidated) and 50% each in JVs Ceramic Brake Discs and Automotive Components (at-equity)

³⁾ Agreement signed on October 20, 2016 to sell to Showa Denko

Reporting Segment Composites – Fibers & Materials

(former name: Carbon Fibers & Materials)

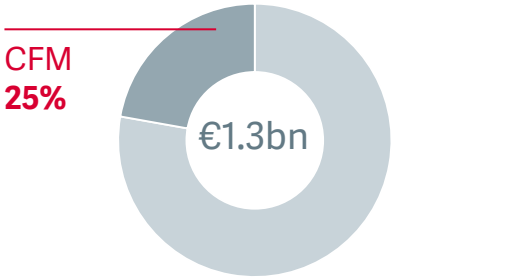
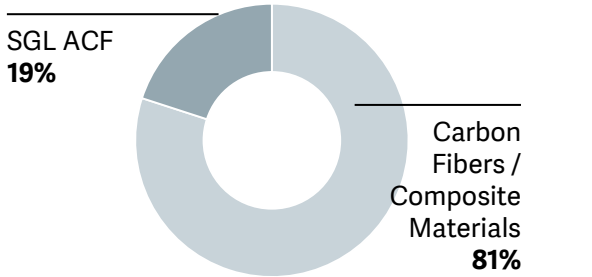
Composites – Fibers & Materials.

New name for a new, integrated strategy



- As of January 1, 2016, **all carbon fiber related activities**, i.e.
 - former BU Carbon Fibers & Composite Materials
 - our shares in SGL ACF (joint ventures with BMW Group)
 - our shares in CFM related At-equity joint ventures - mainly Ceramic Brake Discs (Brembo SGL) and Automotive Composites (Benteler SGL)were combined into **one business unit under one management**
- To reflect the new strategy of an integrated, composite materials oriented approach, the name was changed from Carbon Fibers & Materials to **Composites – Fibers & Materials**
- From 2016 on, **EBIT of BU CFM** will also include the materials business of former HITCO and our share in the At-equity result of the CFM joint ventures (consisting mainly of Ceramic Brake Discs and Automotive Composites)

Reporting Segment: Composites - Fibers & Materials (CFM).

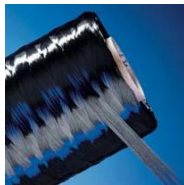
Activities	2015 Group sales	CFM sales – 2015
<ul style="list-style-type: none"> Carbon Fibers Composite Materials 51% SGL ACF (JVs with BMW) Ceramic Brake Discs Automotive Composites 	 <p>2015 Group sales: €1.3bn</p> <p>CFM 25%</p>	 <p>CFM sales – 2015</p> <p>SGL ACF 19%</p> <p>Carbon Fibers / Composite Materials 81%</p>
Key industries served	Characteristics	Strategic priorities
<ul style="list-style-type: none"> Automotive Wind Energy Aerospace Industrial Pressure Vessels Textiles (Acrylic Fibers) 	<ul style="list-style-type: none"> New applications in automotive, wind energy, industrial High earnings improvement potential Complete value chain in house The only EU based carbon fiber company 	<ul style="list-style-type: none"> Strengthen capabilities to safeguard globally leading position Develop products and production technologies for innovative customer solutions Exploit synergies across the value chain

Composites - Fibers & Materials (CFM). The only integrated European carbon fiber & composites producer

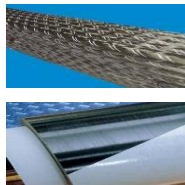
Carbon Fibers & Composite Materials



Raw
Material



Carbon
Fiber



Composite
Materials

PAN Precursor

- **Fisipe**
- **MSP:** JV with Mitsubishi Rayon (33%)

Carbon Fiber

- **SGL Group:** Muir of Ord (Scotland, UK)
- **SGL ACF:** JV with BMW (51%) Moses Lake (WA, USA)

Prepreg Preform

- **SGL epo**
- **SGL Kämpers** (51%)
- **SGL ACF:** JV with BMW (51%)

Composite Components

Refocused on materials and automotive / industrial components

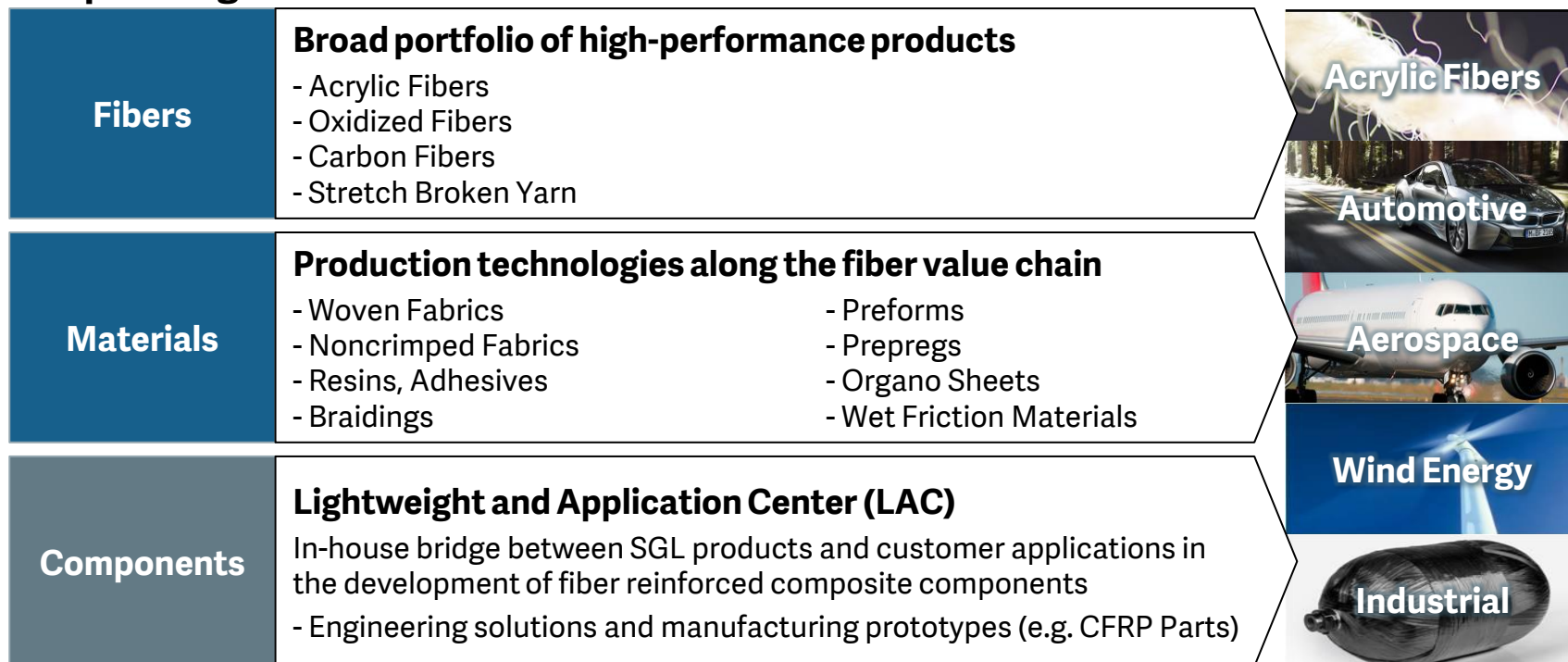
Automotive & Industrial

- **Automotive Composites** (50% JV with Benteler)
- **Ceramic Brake Discs** (50% JV with Brembo)



Our solutions serve key markets.

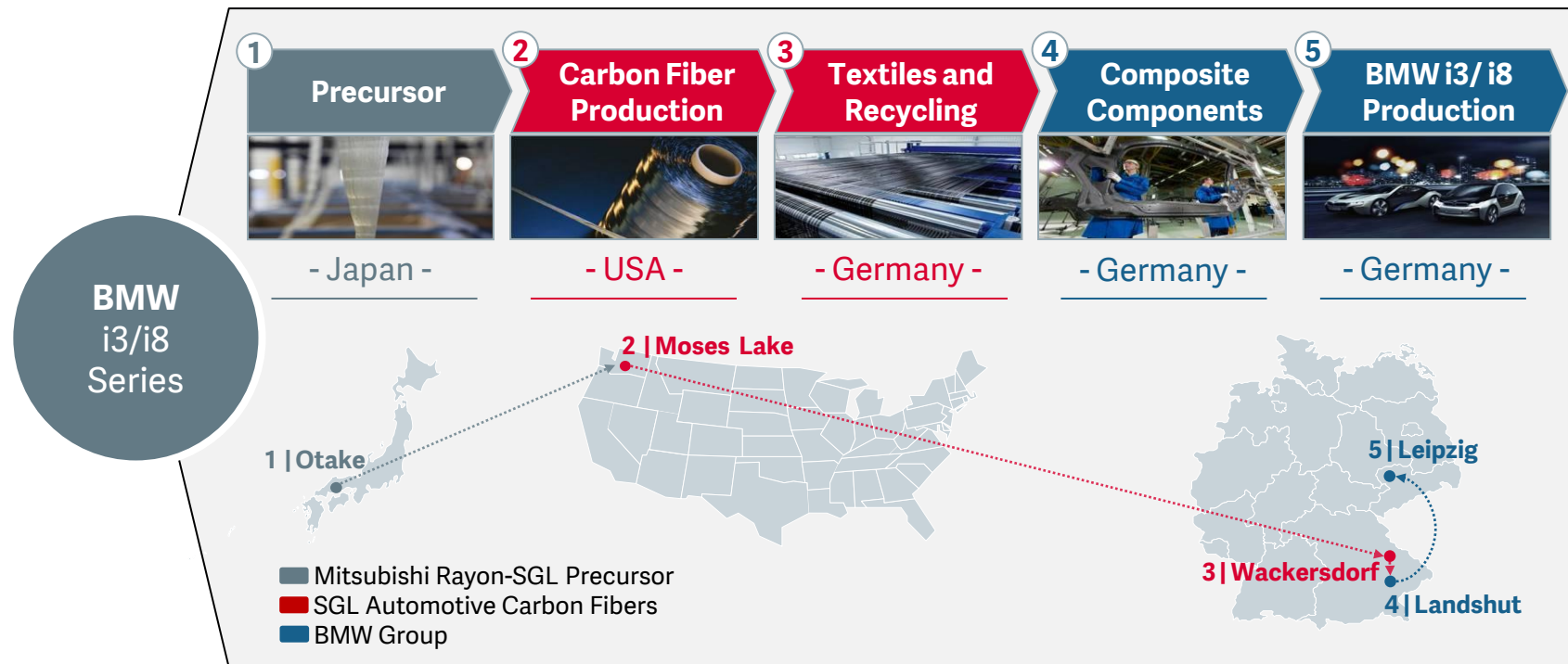
Unique integrated value chain



Our Composites in the Automotive Industry.

Lightweight expertise for the BMW Group

CFRP supply chain



Source: BMW, SGL Automotive Carbon Fiber

Our Composites in the Automotive Industry.

Integral part of the material mix in series production

Rear bench for performance sports cars

Audi MSS Platform

- Structural Audi MSS (Modular Sportscar System) bodywork system
- The rear bench of the body work is made of carbon-fiber reinforced plastic
- Composite components includes all the connecting parts and elements



This platform is used for



Lamborghini Huracan
(Coupe & Spyder)

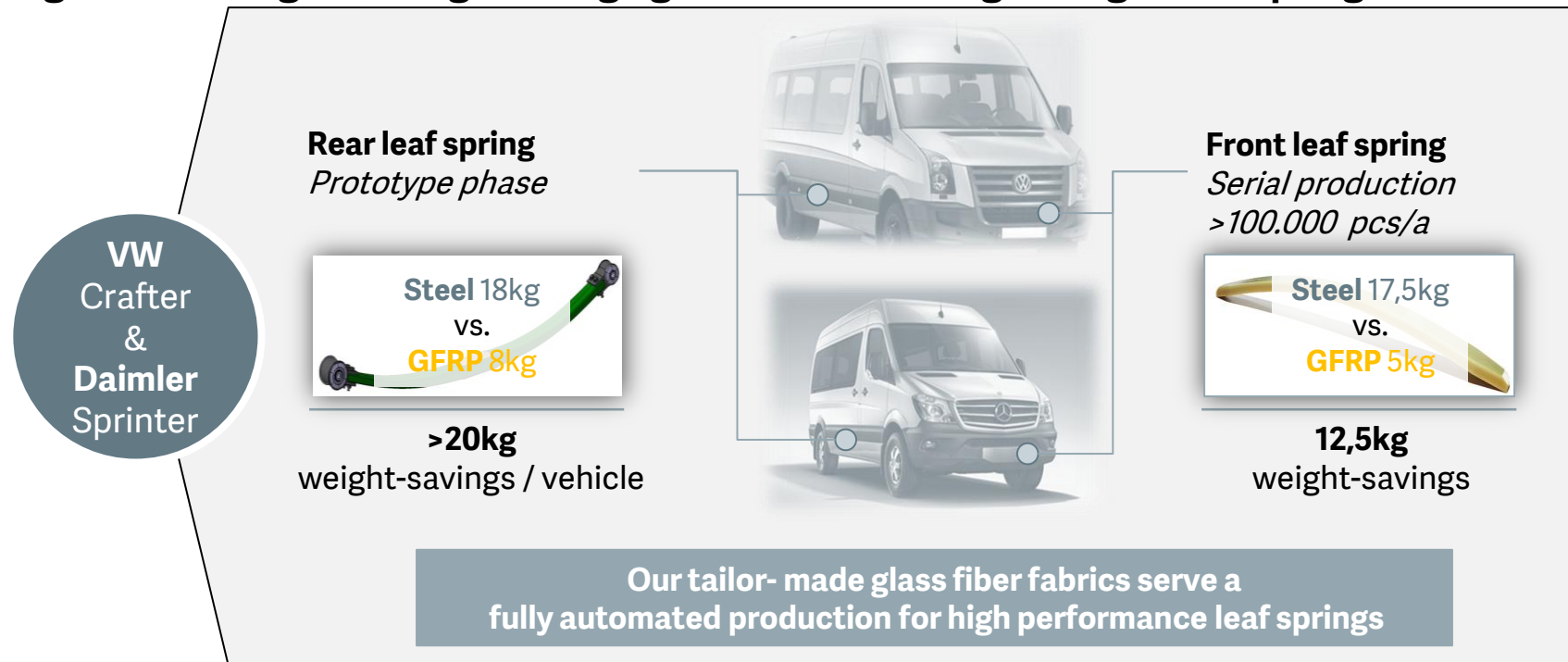


Audi R8
(Coupe & Spyder)

Our Composites in the Automotive Industry.

Leaf springs for suspension systems

Significant weight-savings through glass fiber based lightweight leaf spring



Our Composites in the Automotive Industry.

Leaf springs for suspension systems

Significant weight-savings through glass fiber based lightweight leaf spring

New
Volvo
XC 90

- Structural component for axle module, from simulation-assisted product design up to parts delivery in large series
- Fully automated production lines
- Peak volume over 550.000 pieces/a
- Weight saving combined with dynamic driving advantages



Leaf spring

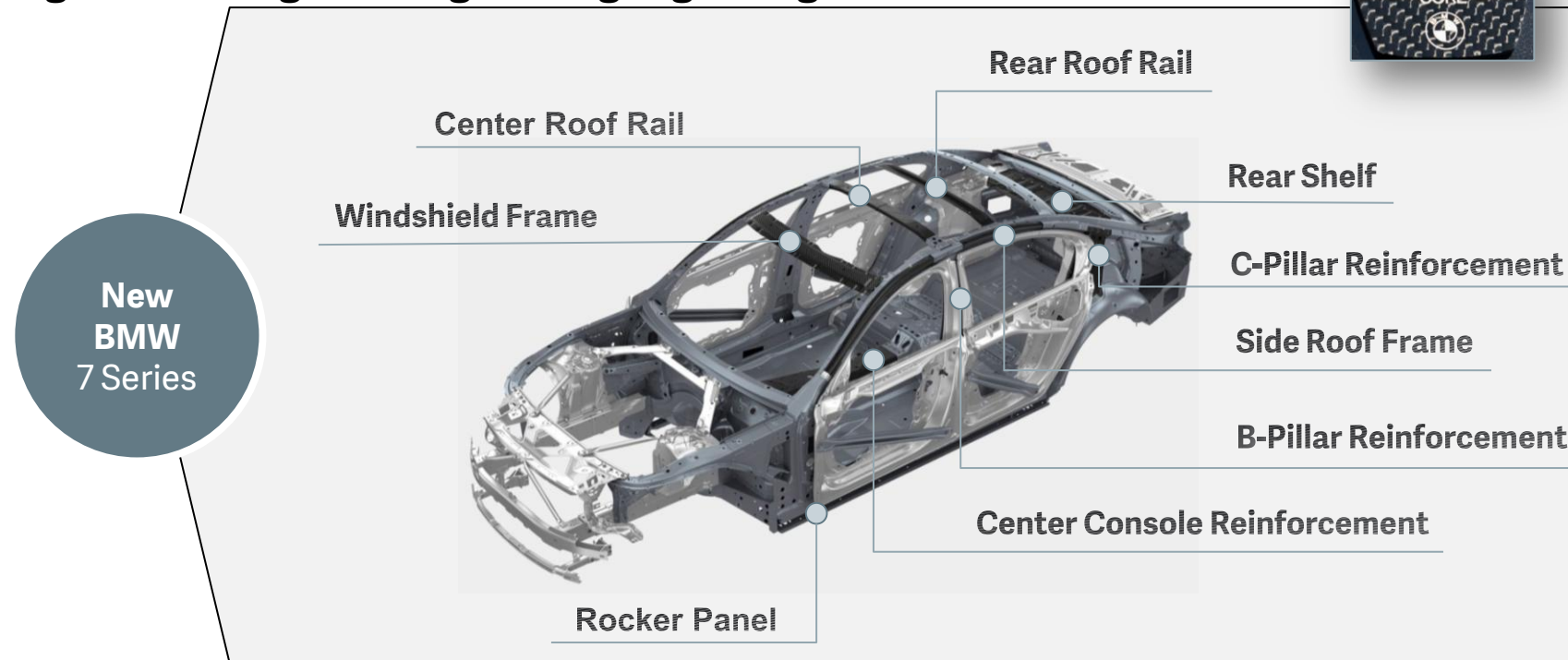


Volvo XC 90

The next level of Carbon Fiber in Automotive.

New BMW 7 series

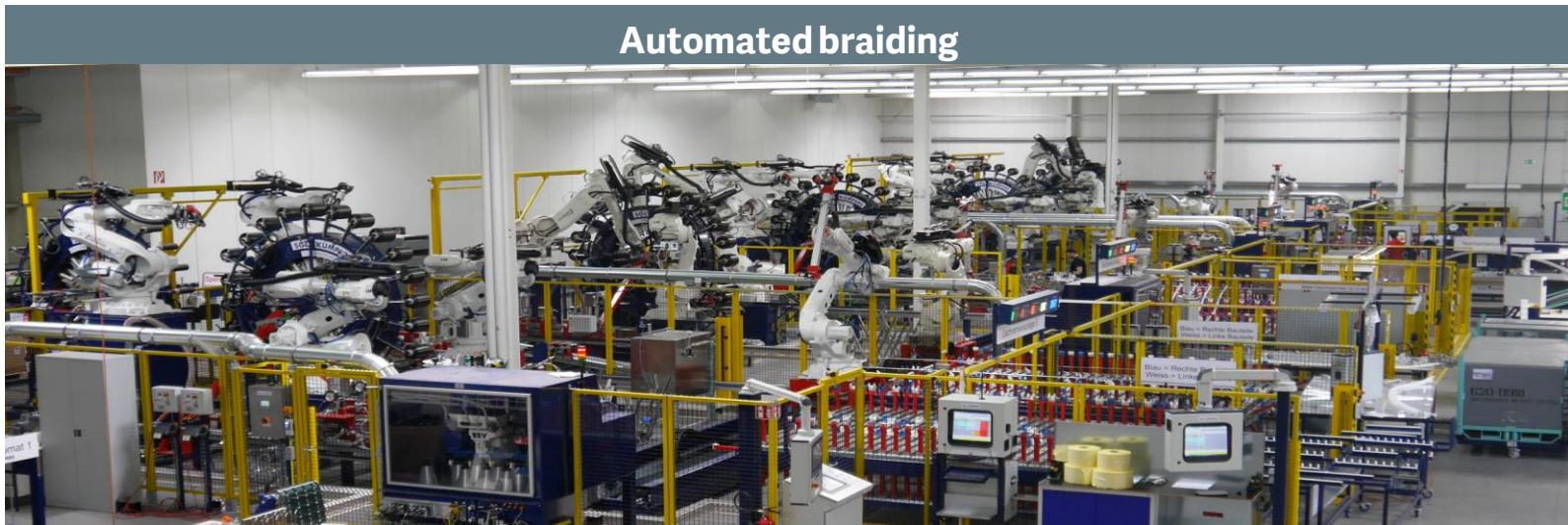
Significant weight-savings through lightweight chassis



Key differentiator in automotive.

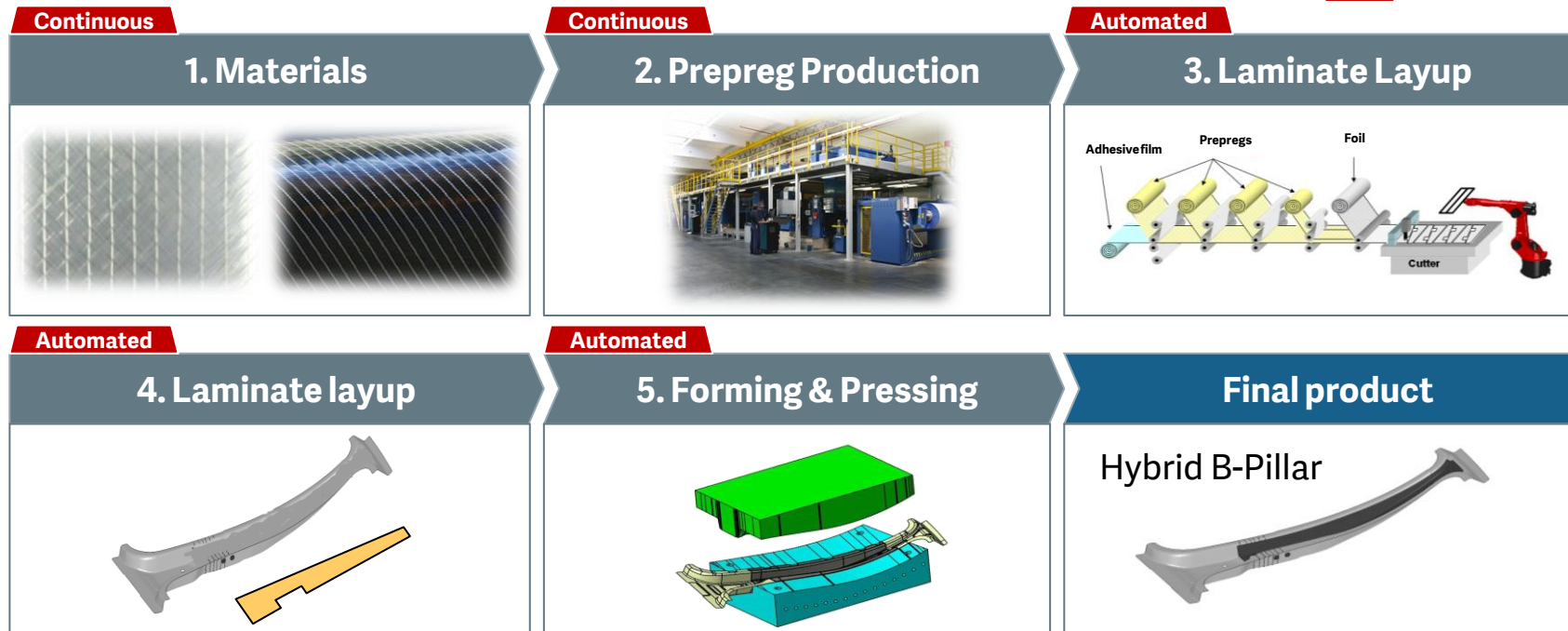
Focus on industrializing carbon fiber usage

- Key to **increased usage of carbon fiber in automotive** is the ability to produce in **serial scale** and to provide **cost competitiveness** to other materials taking into account the substantial benefits of composite materials
- Name of the game is **automation**
 - We command a carbon fiber technology which is **ideally suited for use in automated processes**
 - We possess **technologies for automated processing of materials and production of components**



New hybrid materials manufactured with automated production systems. Example B-Pillar

... Production system

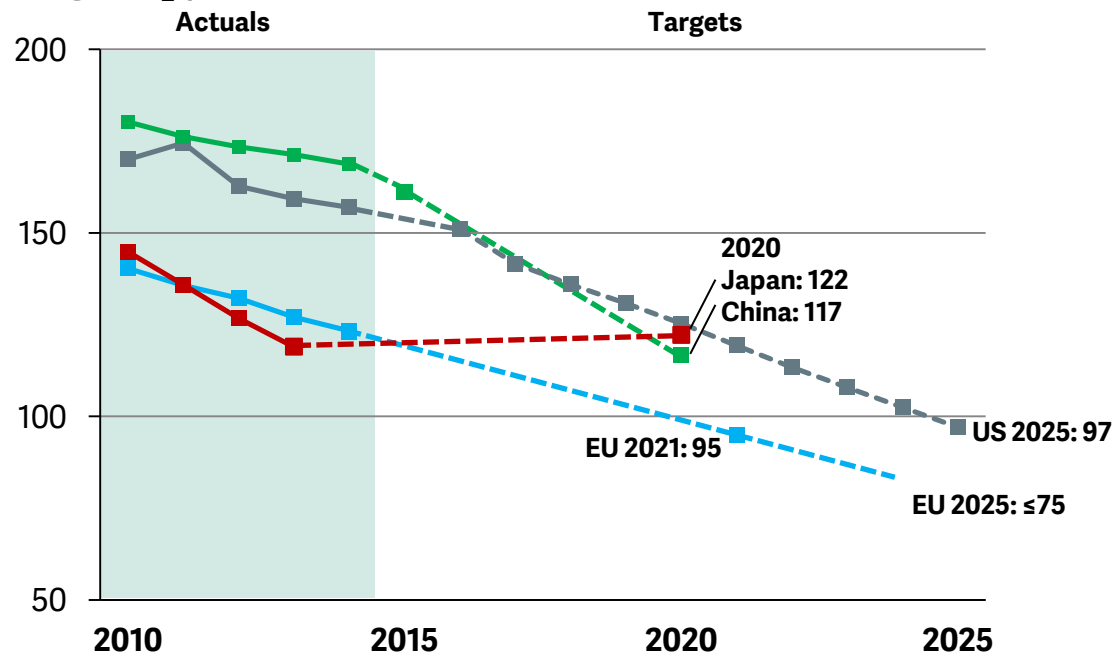


Cycle times of < 50 seconds enable large series production (e.g. 150.000 pieces/a)

Carbon in Automotive. Stringent CO₂ emission restrictions globally

CO₂ emissions car fleet actual averages and targets

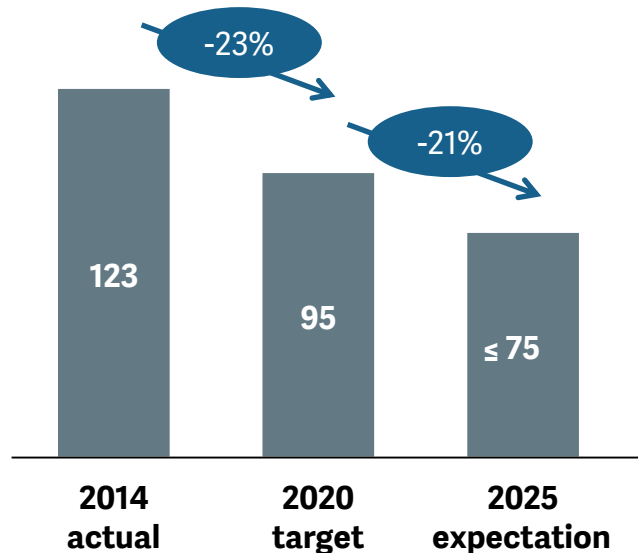
[in g CO₂ per km, normalized to NEDC*]



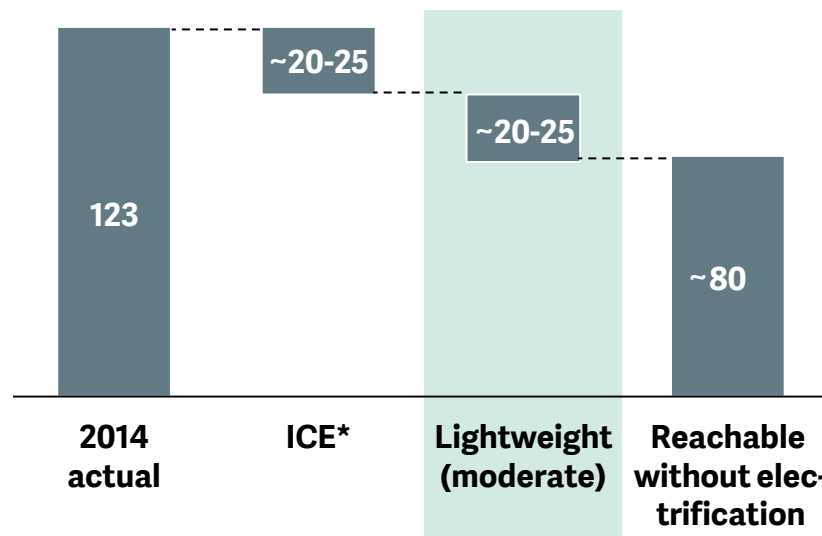
- Global approach to reduce CO₂ emissions
- Progressively more comfort and safety features on board
- Driver for lightweight

Example EU. CO₂ reduction targets can only be achieved with lightweight construction

OEM fleet target development (EU) [in g CO₂/km]



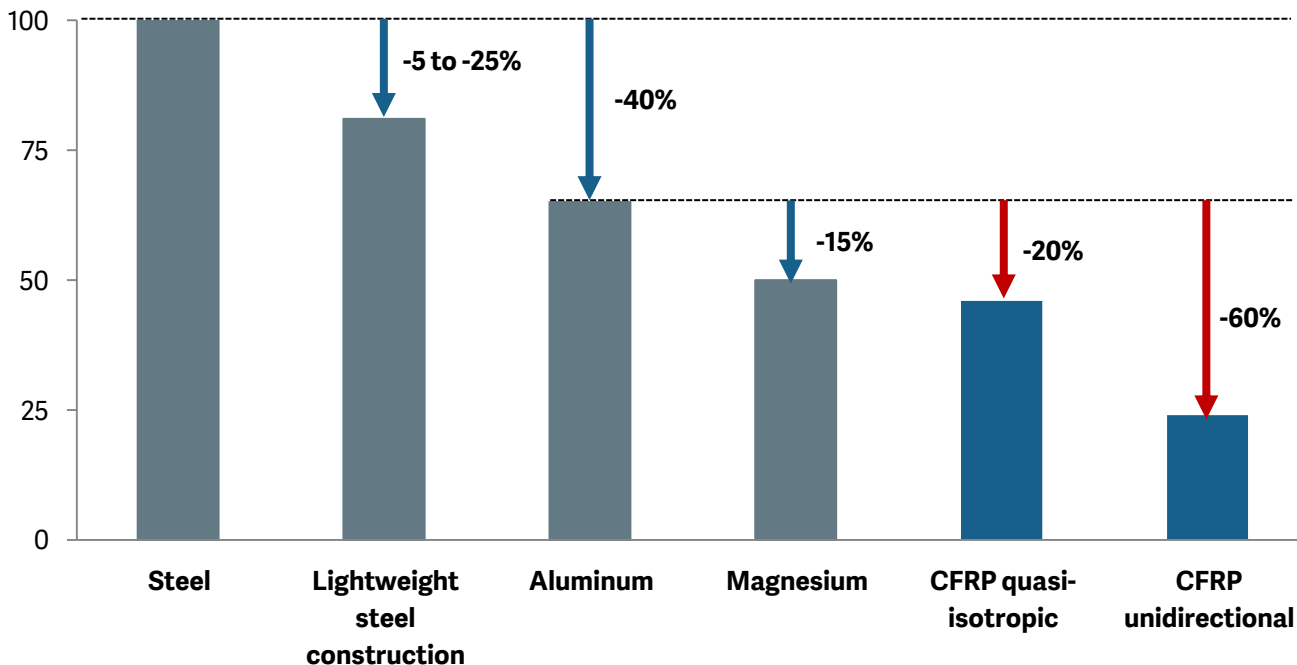
Only achievable with lightweight



Carbon in Automotive. Lightweight materials offer significant weight advantages – especially CFRP

Relative component weight (with the same functionality)

[in %]

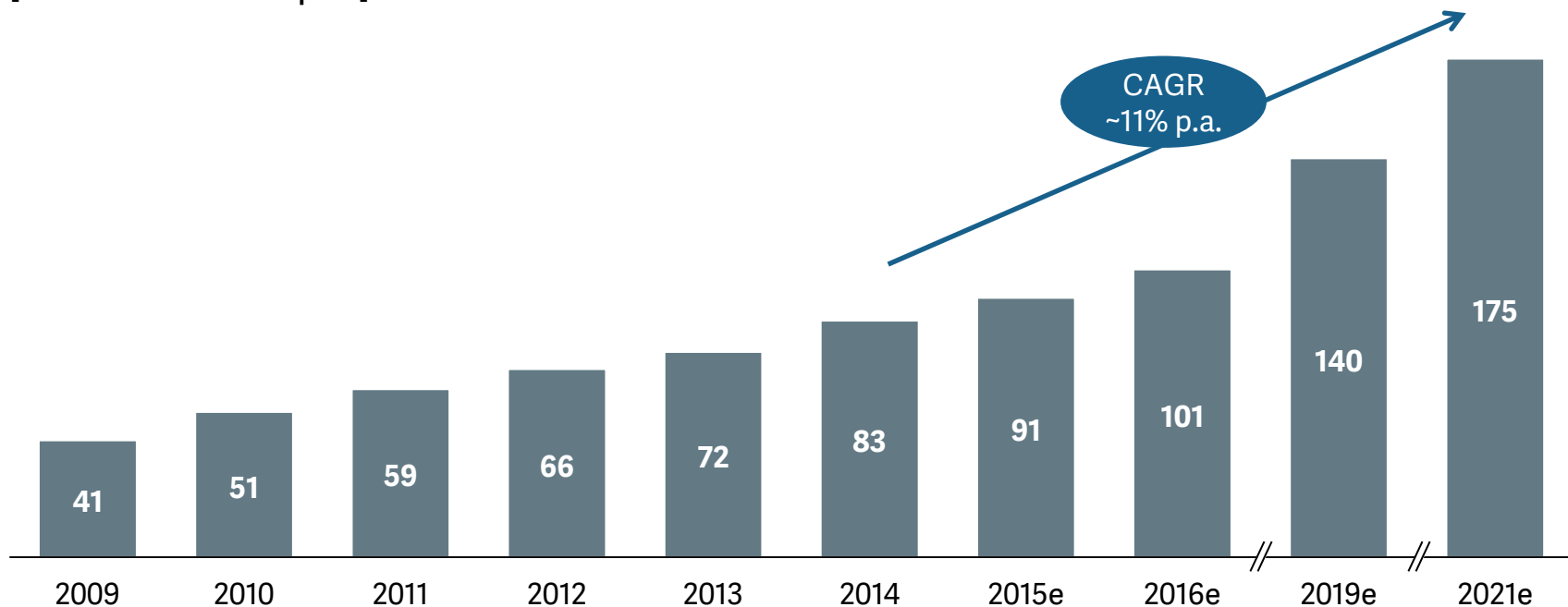


Source: N/EK-L; EKP

Carbon fibers and composite materials. Strong demand growth anticipated



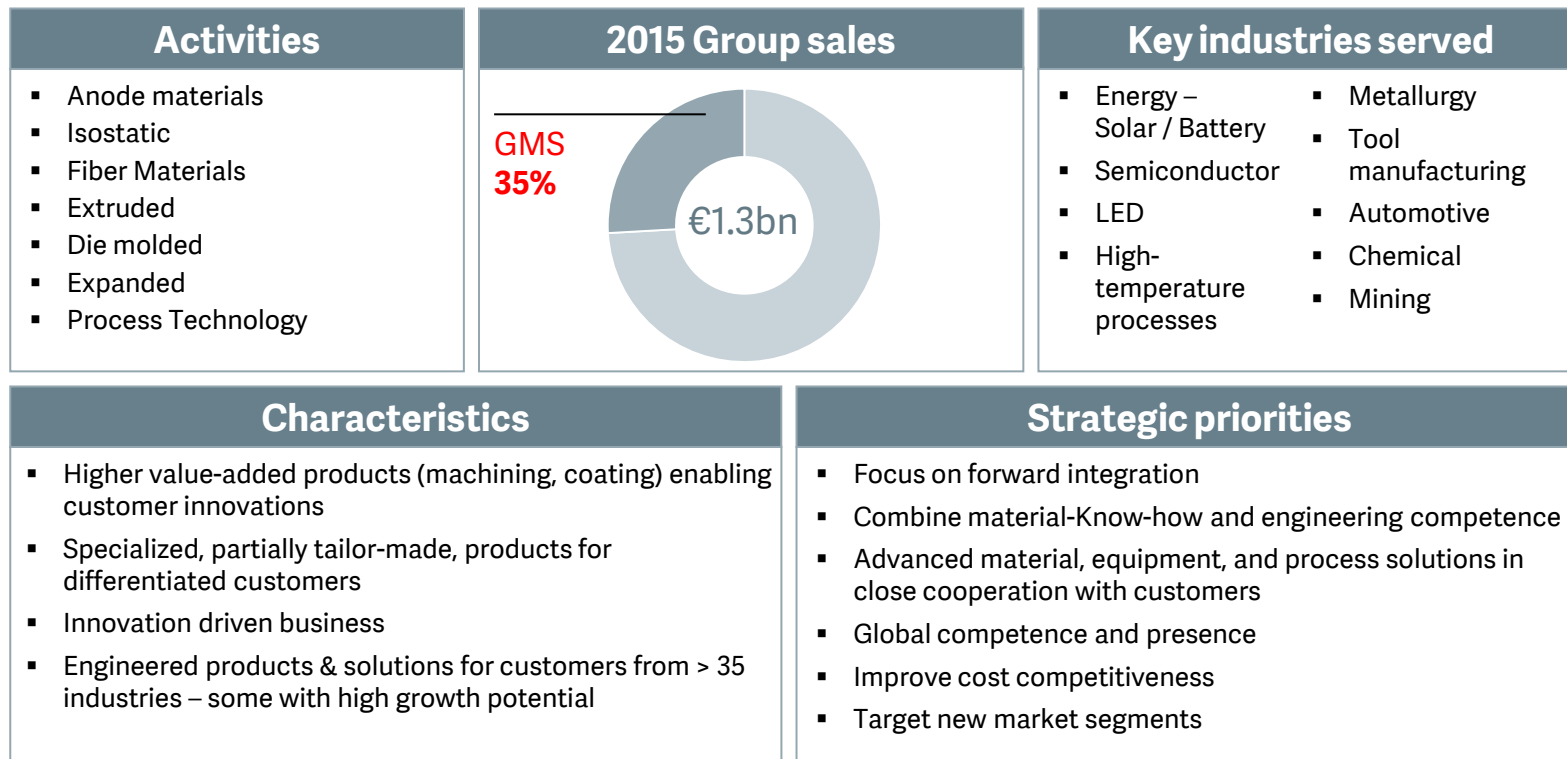
Global Carbon Fiber Reinforced Plastics (CFRP) Demand [in thousand mt p.a.]



Source: CCeV (September 2015)

Reporting Segment Graphite Materials & Systems

Reporting Segment: Graphite Materials & Systems (GMS).



Best solutions for our customers. We command the broadest graphite competence in the industry

... in the PV, Semiconductor, and LED Industry



Meander
heater for CZ
units

SiC coated
wafer carrier
for LED chip
production



C/C carrier
frame for
solar wafers

... in the Battery and Energy Storage Industry



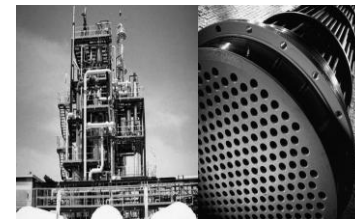
Anode
material for
lithium-ion
batteries

Redox flow
battery electrode
consisting of
battery felt and
bipolar plate



... in the Chemical Industry

Systems &
equipment
(e.g.
syntheses,
heat
exchangers)



Flexible
graphite foil

Reinforced
graphite
sealing sheet



Integrated value chain and broad materials portfolio.

Allow us to serve a wide range of industrial applications



- Feedstock
- Machining
- Purification
- Impregnation & coating
- Global production: America, Asia / Pacific and Europe



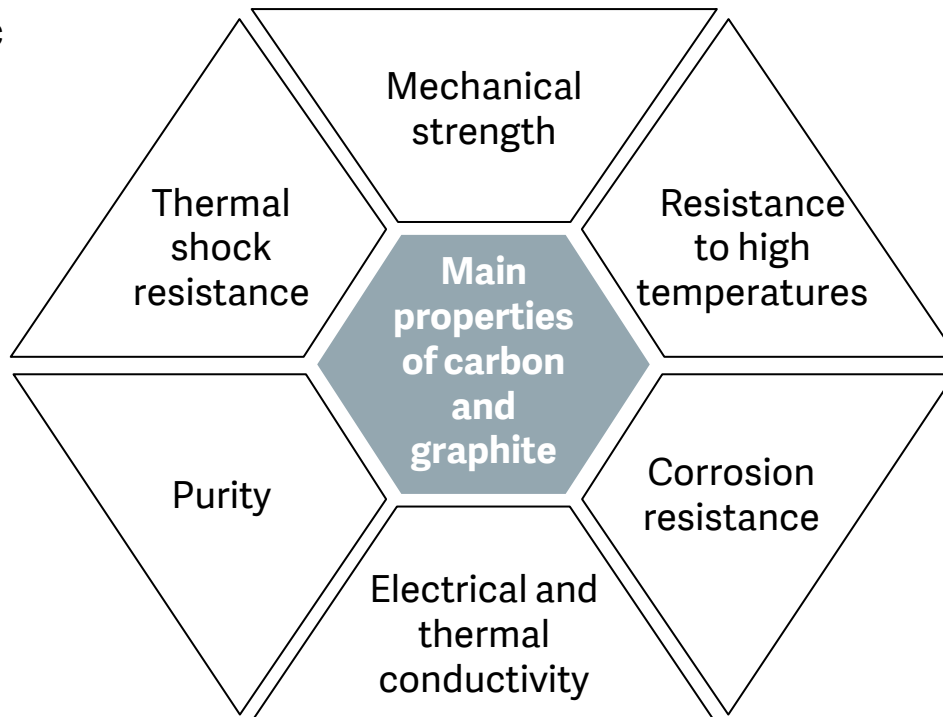
- Isostatic
- Extruded
- Vibro molded
- Die molded
- Expanded
- Carbon fiber reinforced carbon
- Soft & rigid felt
- SiC coating
- Syntheses & heat exchangers



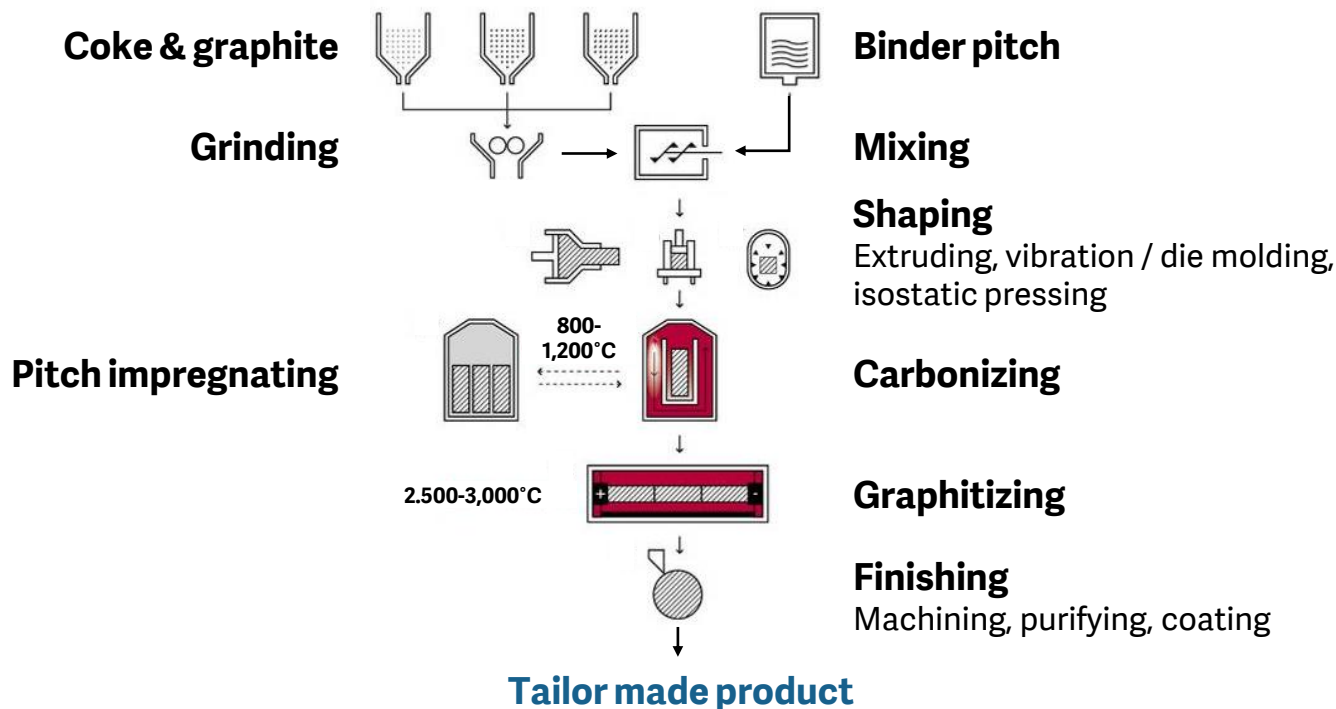
- Chemical
- Lithium ion battery
- Polysilicon, photovoltaic & semiconductor
- LED & sapphire
- Heat treatment
- Sealings & gaskets
- EDM
- Glass & refractories
- Mechanical engineering

Specialty graphite materials required where other materials fail.

Properties can be tailored to specific customer requirements



Production of specialty graphite is complex and requires up to six months.



4-5 months

2-4
weeks

Source: GMS Production

Process Technology. Process solution provider for chemical and related industries

Product portfolio



Systems

- Syntheses
- Distillation, purification, concentration, dilution
- Absorption, desorption
- Reactors & converters
- Steel pickling



Equipment

- Heat exchangers
- Reactors and internals
- Quenchers and vessels
- Pumps and piping
- Accessories



After sales services

- Spare parts
- Maintenance / Repairs
- Training

Core industries served

- Chemicals
- Pharma
- Metals & Mining
- Energy
- Solar
- Environmental



Core applications

- Hydrochloric acid (HCl)
- Phosphoric acid (H_3PO_4)
- Sulfuric acid (H_2SO_4)
- Hydrofluoric acid (HF)
- Oxidizing acids
- Isocyanates
- Epichlorohydrine (EPC)
- Vinyl chloride (VCM)
- Polysilicon

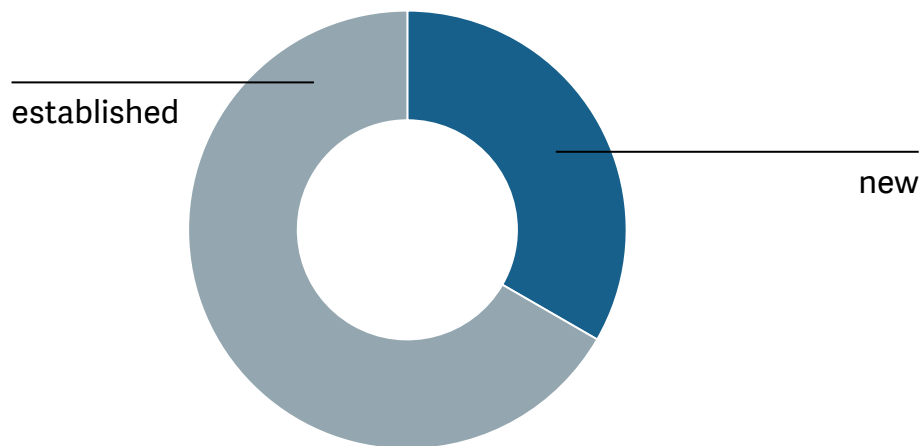


Graphite materials enable innovation.

Examples:

- Graphite anode material for lithium-ion batteries
- Graphite foils and felts for stationary energy storage
- 3D filament wound susceptors for semiconductor industry
- Extra large carriers for photovoltaic
- Advanced silicon carbide coated carriers for LED
- CFRC charging carriers for high- temperature applications
- Extra large reactors for polysilicon production
- Material solutions for sapphire glass production

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



Graphite Materials & Systems.

Major customer industries and market shares 2015



	% of total GMS sales 2015	Global market share 2015
Chemicals	29%	35%
Energy: Batteries & Nuclear	13%	35%
Energy: Solar (including Polysilicon)	13%	15%
Semiconductor (incl. LED)	8%	15%
Metallurgical applications	8%	20%
Tool manufacturing	6%	10%
Automotive & Transportation	5%	15%
High-temperature processes	4%	15%
Other industrial applications	14%	-

Source: SGL Group's own estimates

Technology & Innovation

Technology & Innovation.

Foundation for profitable growth



Technology & Innovation: SGL Group's centralized R&D organization

- Market driven R&D ensures best-in-class support for current and future customers.
- Industry networks with suppliers and customers are an essential part of our development strategy thus ensuring close contacts to our markets.
- Global networks with leading universities cover the basic research.
- Material, process and application know-how is the platform for our development clusters dedicated to Business Units and Future Growth Areas.
- Strategic IP management safeguards our products and processes and is a driver of our long term market success.



Technology & Innovation.

Activity areas of T&I in 2015

Strengthen carbon fiber based value chain

- Operate carbon fiber pilot line and improve carbon fiber production processes.
- Develop new carbon fiber grades based on own precursor.
- Develop new composite systems based on thermoplastic matrix as well as SnapCure thermoset resins for automotive applications.

New graphite specialties products

- Low cost graphite based anode materials for lithium-ion batteries.
- New carbon & graphite based composite anode materials with enhanced energy density for 3rd generation lithium-ion batteries.
- Development of thermal management solutions in automotive applications based on expanded graphite.

Future Growth Areas

- Material and product development for additive manufacturing “3D-Printing” processes
- Advanced gas diffusion layers for PEM fuel cells for automotive and stationary applications.

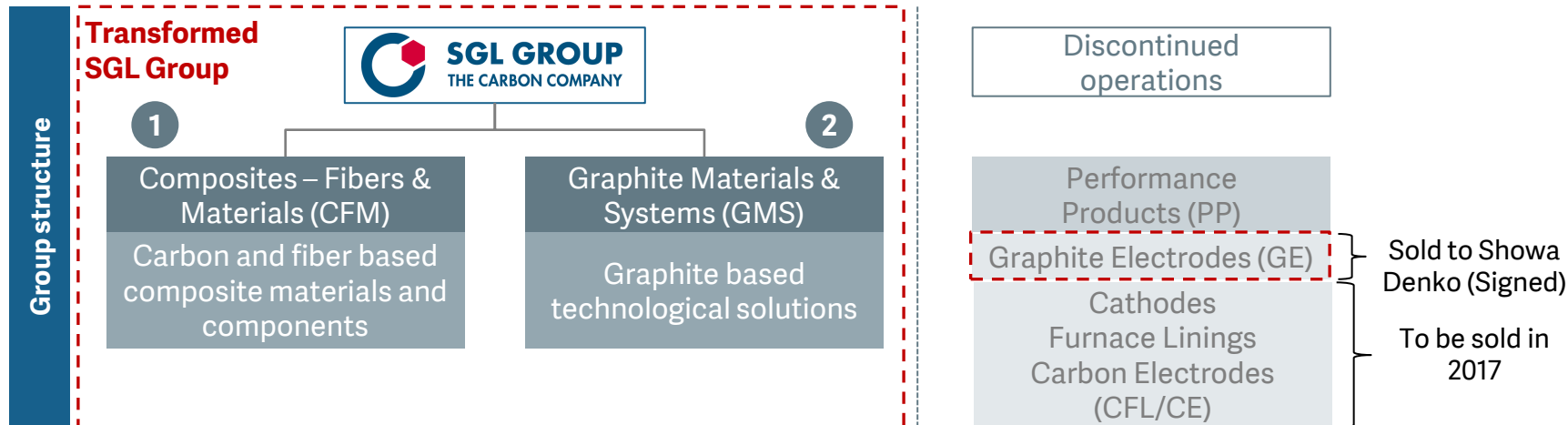
Raw materials & synthetic graphite development for steel and aluminum industry

- Reduce graphite electrode consumption in EAF by optimizing raw materials and GE-joint.
- Increase customer value for aluminum smelters by developing improved cathode designs.
- New furnace linings materials for increased lifetime.

Significant progress in transformation of SGL Group

The transformed SGL Group.

We are delivering on our announced strategy



- ✓ Divestiture of PP/GE business will enable the remaining SGL Group to **focus its resources on the growth areas CFM and GMS**
- ✓ Focus on CFM and GMS will better balance markets and industries, and thus **reduce volatility in our business**
- ✓ We lead in **technologies and innovations** benefiting from **global megatrends such as mobility, energy, and digitization**

Transaction details of announced Graphite Electrodes sale.



Transaction scope

- Transaction scope is the **entire GE business**, except for certain legacy assets⁽¹⁾
- **GE business represents ~70% of Performance Product (PP) division** and **~28% of total SGL Group** (of 2015A sales)

Valuation & financial impact

- **Enterprise Value of €350 million** (cash and debt free) translates into expected **cash proceeds of at least €200 million** (after deduction of standard debt-like items such as pension and restructuring provisions)
- The sale resulted in **impairment charges of €43 million in Q3/16**, which are related to transaction costs and the continuation of the GE business until closing
- 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

Terms & conditions

- **Closing expected in the first half of 2017** and mainly subject to merger clearance
- **Limited SGL Group guarantees towards buyer** for potential environmental liabilities
- Representation & warranty package is capped at low double digit millions

Successful disposal of the loss-making GE business is a major step forward with regard to our strategic realignment

Sale process of CFL/CE business ongoing.

Profitable business with leading market position

CFL/CE key highlights



Strong end market dynamics supported by global mega trends – population growth, urbanization and further global industrialization



Technological and innovation leadership – solution provider focused on customer value creation

#1

Global #1 cathode supplier by deliveries⁽¹⁾ –
A leading global player in furnace linings and carbon electrodes



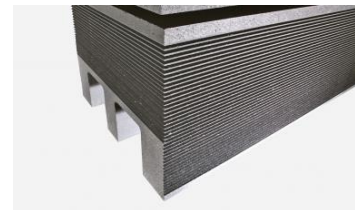
Highly cost competitive production facilities in Poland
with high levels of utilization



Strong and trusted relationships with customers on a global basis



Highly experienced management team with proven
track record in cost and performance leadership



Source: Company Information

(1) Bottom blocks; excluding supplies to Chinese market. Market share based on total delivery volumes of 150kmt (all cathode grades)

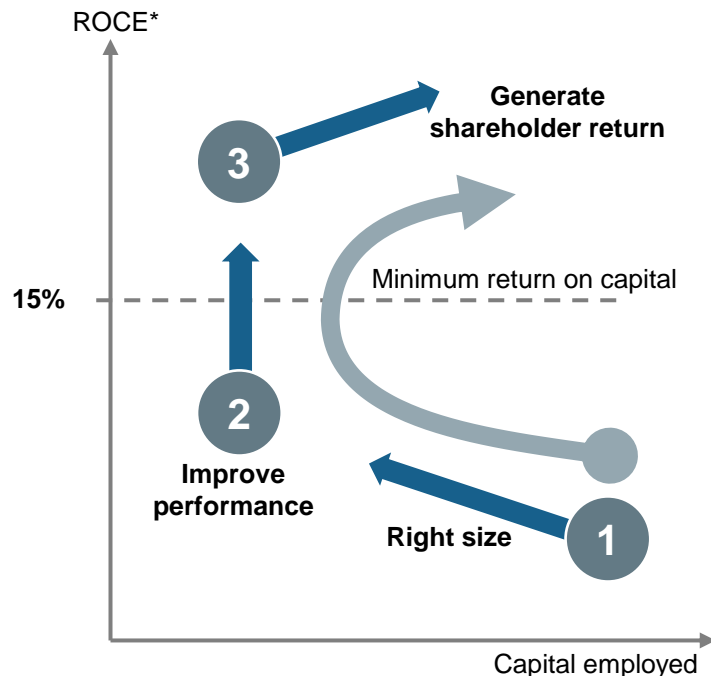
We also expect a successful transaction for the CFL/CE business in 2017.

- Sales process has been initiated
- We are not starting from the beginning, as we had prepared for a sale of the entire former business unit PP
 - Existing data and documentation need to be tailored to CFL/CE and updated
 - During the PP disposal process, several parties expressed their interest in acquiring the CFL/CE business
- CFL/CE business is both cash and earnings profitable on a sustainable basis
 - e.g. FY2015 sales €159 million and EBITDA €34 million
- We expect to sign a contract for the sale of our CFL/CE business in the course of 2017

Given the outcome of the GE sale, the relatively low book value and the high profitability of the CFL/CE business, we believe that we will be able to achieve more than the book value of the former business unit PP through the aggregated transactions

*FY2015 EBITDA of €34.4 million calculated from EBIT of €25.8 million and D&A of €8.6 million

We are fully on track in achieving our strategic realignment.



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

*EBITDA divided by capital employed; **In mid-2013, the Group implemented the SGL2015 cost savings program. Initially, based on actual costs in 2012, savings of approximately €150 million were targeted through the end of 2015. The Group increased its savings target gradually to €240 million to be achieved by the end of 2016. At the end of Q3/2016, the cumulative savings reached €228 million. Since the cumulative savings target of €240 million includes the incurred losses of €15 million in 2012 of the now disposed HITCO (aerostructures) and SGL Rotec (rotor blades), the target has now been reached; ***Savings target of €25 million is currently expected to be achieved by the end of 2018

ROCE. Remains key management principle for managing the business

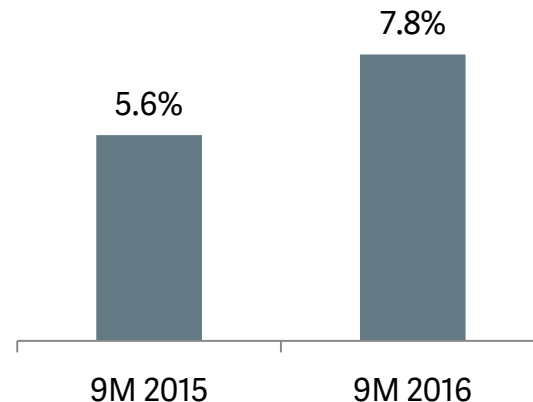
In 2014, we, the new Board of Management, introduced ROCE as new key management principle replacing ROS

We wanted to be held accountable for our stated targets and goals

As a result we implemented the ROCE target in all senior management layers, aligning their incentive system with ours

We started reporting ROCE on Group and BU levels on a quarterly basis, so that our progress can be tracked

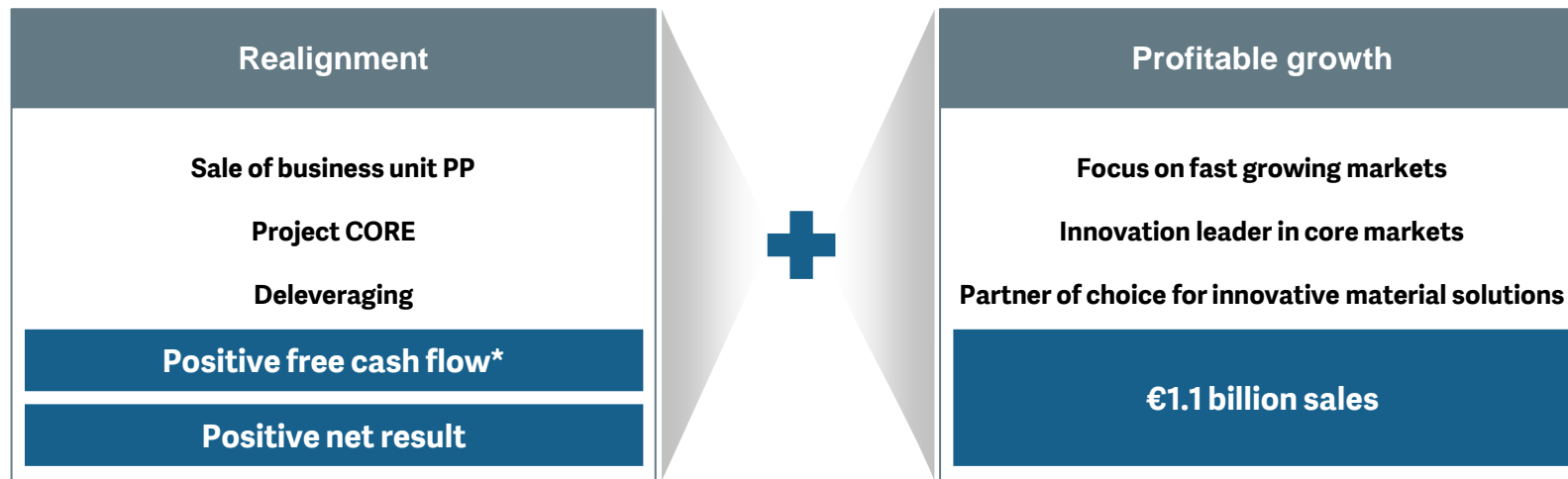
ROCE* development



While we are not yet where we want to be, we have made substantial progress toward our targeted ROCE $\geq 15\%$ *

* ROCE defined as EBITDA/Capital employed

Financial targets confirmed. We will continue to drive the transformation and the business forward



Net debt/EBITDA**
< 2.5

Gearing ~ 0.5

Equity ratio > 30%

ROCE ≥ 15%***

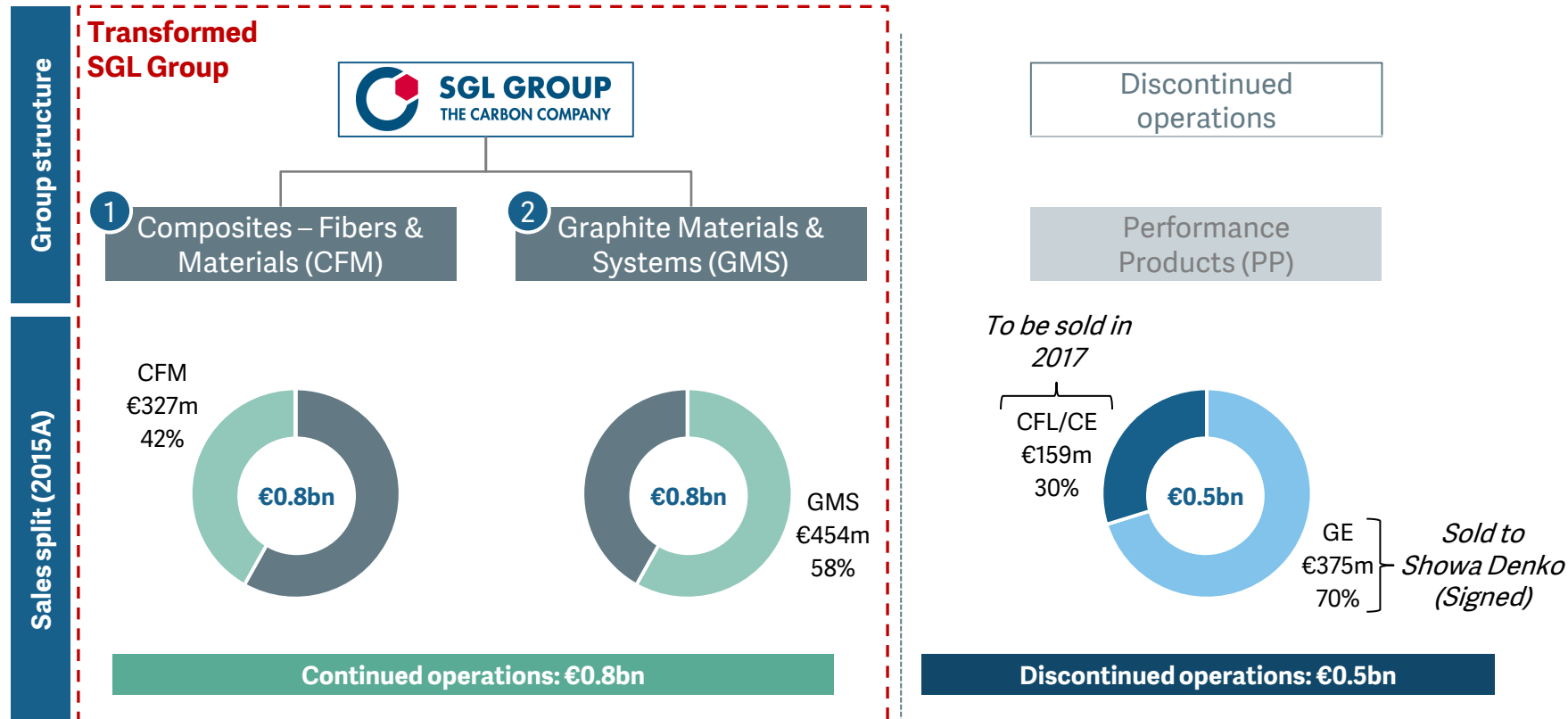
We believe to be able to achieve our financial targets in the medium to long term, with the announced realignment strategy and expected profitable growth in our core business GMS and CFM

* Excluding disposal proceeds

** Excluding Pensions

*** ROCE defined as EBITDA/Capital employed

The transformed SGL Group. Enabling megatrends with high tech carbon and graphite based solutions



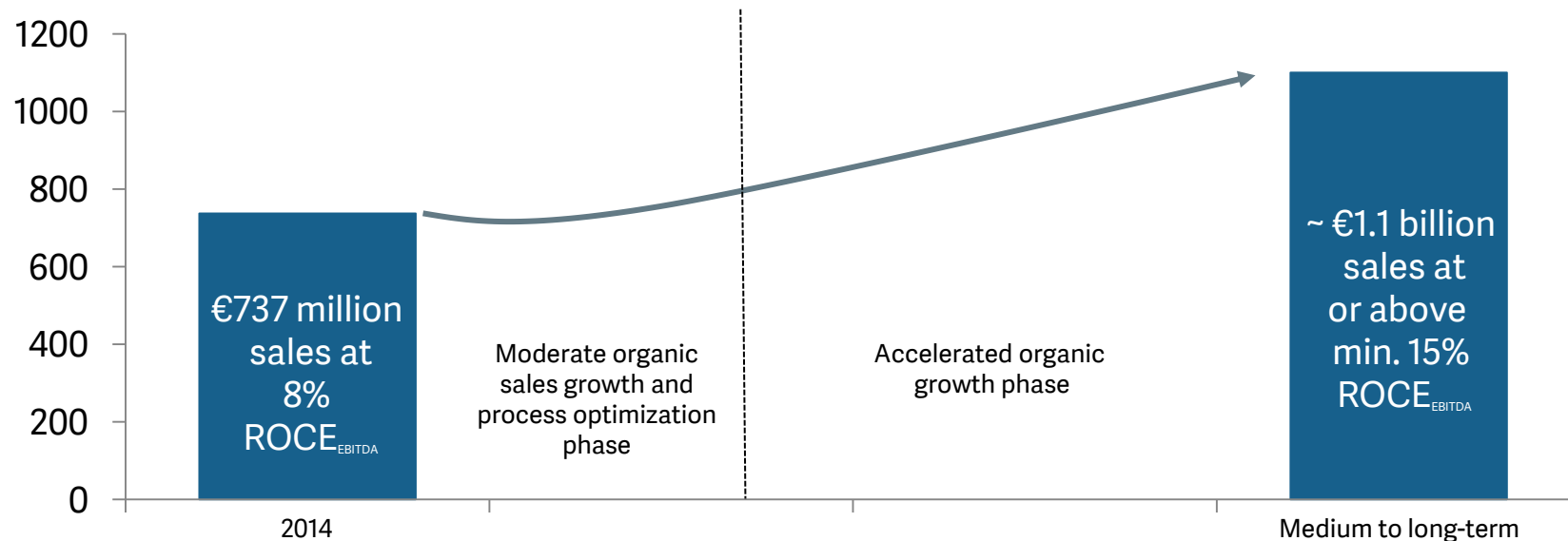
Carbon and graphite. Materials with extraordinary properties provide solutions for megatrends



- Business units focus on end markets that are **attractive** and **fast growing** due to **underlying global megatrends** (energy, mobility and digitization)
- High share of **customer-specific products, tailored applications** and **solutions**
- We are among the **innovation leaders** in our markets due to our **high performance materials competence** based on **carbon** and **graphite**
- 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**
- 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**
- 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 sales growth of 50%



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

The course is set for deleveraging and profitable growth.

- **Proceeds** from sale of GE and in a later step disposal proceeds from the contemplated sale of CFL/CE and potential measures for strengthening the capital structure will provide sufficient means for **substantial balance sheet deleveraging** and allow us **to focus on and to develop our growth businesses**
- With our focus on CFM and GMS, our portfolio is **better balanced** and **significantly more diversified** between markets and industries, thus **reducing** the **volatility** in our business
- GMS and CFM materials and solutions **enable several of the fastest growing megatrends like 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**
- To achieve the mid to long term targets, SGL Group fulfills all requirements: **strong market positions, leading technologies, and committed employees**
- Approx. **€1.1 billion of sales** at or above **15% ROCE_{EBITDA}** targeted for the mid to long term. **Organic growth can be financed by own operating cash flow**

Efficiency enhancing and cost cutting programs

SGL Excellence.

Drives efficiency and customer focus



SGL X is more than savings:

- started in 2002
- ongoing and company wide program
- integral part of our culture
- continuously questioning the status quo
- strives for sustainable improvements
- provides the right mind and tool set
- important cornerstone in the development of our people
- empowers our employees with skills and tools:
 - > 190 trained Black Belts
 - > 200 trained Champions
 - > 900 trained Green Belts
 - majority of employees SIX SIGMA trained

Innovation Excellence

New ideas and solutions for profitable growth

Operational Excellence

Continuous improvement of our manufacturing, administrative and supply chain processes

Commercial Excellence

Sustainable partnerships with our customers to secure our future

People Excellence

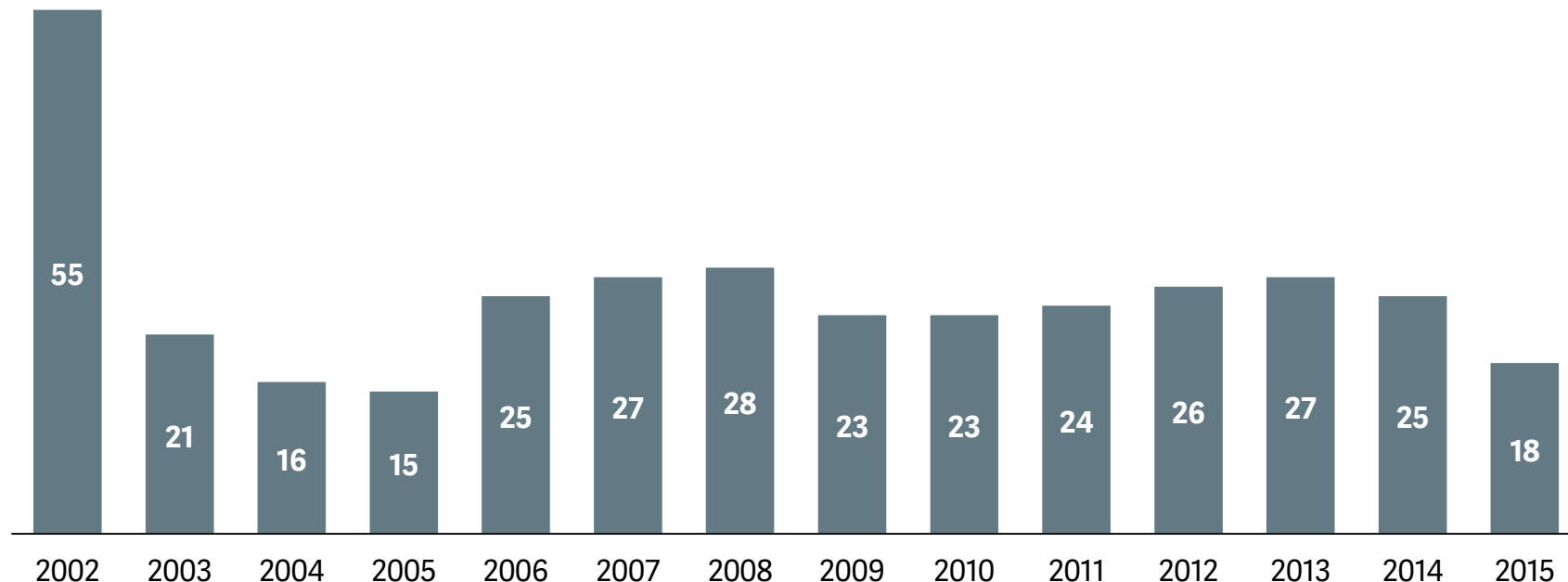
Well educated employees as foundation of our success

New: **Business Process Excellence**

Streamline and standardize processes

SGL Excellence savings. Since 2002 continuous cost reduction of €353 million in total

Annual Net Savings (€m)



SGL2015 cost savings program successfully concluded.



Target savings increased twice to €240 million

Organizational Restructuring

Simplify processes and **streamline** management structures

- Review all workstreams and identify redundancies
- Adjust organizations and Corporate and Service Functions
- Reduce personnel costs and indirect spend

Asset Restructuring

Adjust asset base to changes in market demand

- Optimize global production network, relocate production
- Improve capacity utilization
- Reduce fix costs
- Use synergies between the Business Units
- Consolidate sites

Portfolio Restructuring

Carbon fiber business: **focus** on materials competence

- Analyze our business portfolio
- Concentrate portfolio on core activities
- Investigate options for businesses

Total savings at end Q3/16 €228 million since inception of the SGL2015 program. Target of €240 million included €15 million losses of disposed HITCO and Rotec therefore SGL2015 successfully completed

Business Process Excellence (BPX).

Group wide program introduced in 2015



- Target is to **streamline** and **standardize** cross-BU processes
- Utilization of **standardized IT solutions** (SAP)
- Initial focus on **procurement, supply chain** and **sales processes**
 - **Procurement** – ongoing procurement optimization project launched under SGL2015. *Target: reduce procurement costs and improve profitability*
 - **Supply chain** – improve alignment between all stages of the supply chain, from sales to procurement to production, etc. *Target: improve supply chain process to further reduce net working capital*
 - **Sales organization** – implementation of uniform CRM system, development of new group wide standards and best practices for optimized customer and market approach. *Target: generate additional, profitable sales, optimize pricing*
- External consultant appointed for “outside-in” view and for project set up phase
- Recently implemented: **more stringent investment process**

Latest Financials

9M 2016

Composites - Fibers & Materials. Highest result since inception

in € million	9M/2016	9M/2015
Sales revenue	234.5	252.2
EBITDA*	32.5	28.5
ROCE _{EBITDA} (in %)	9.4	8.6
EBIT*	16.8	12.9
EBIT*-Margin (in %)	7.2	5.1

- **Sales revenue** decreased mainly due to raw material driven sales decline in textile acrylic fibers, where pricing is based on acrylonitrile/crude oil price development
- Significant increase in recurring **EBIT**
 - Completion of ramp up at SGL ACF (joint ventures with BMW Group)
 - Higher volumes and thus better capacity utilization in our own carbon fiber facilities
 - Higher profit contribution from HITCO materials business (exceptionally strong Q1/2016 due to invoicing of two major orders)
 - Improved result from At-Equity investments (now reported in CFM EBIT)
 - SGL Excellence savings of €2.0 million
 - Partially offset by higher expenses in composite materials relating to the buildup of the Lightweight and Application Center and ramp up costs for increased business

Graphite Materials & Systems. Mixed picture

in € million	9M/2016	9M/2015
Sales revenue	321.4	340.1
EBITDA*	35.3	43.8
ROCE _{EBITDA} (in %)	12.0	13.1
EBIT*	18.8	27.2
EBIT-Margin* (in %)	5.8	8.0

- **Sales revenue** down 5% (currency adjusted -6%)
 - Higher sales from solar, semiconductor, and LED industries
 - Offset by weaker North American business which was negatively impacted by reduced demand from energy related industries due to the low crude oil price
 - Demand for graphite (anode) materials for lithium ion battery industry continued at expected levels
- **Recurring EBIT** declined 31%
 - Positive one-time effects from last year (gain from land sale and insurance compensation)
 - Lower earnings contributions from energy related industries in North America
 - SGL Excellence savings €7.3 million

T&I and Corporate. Significantly lower expenses than prior year period

in € million	9M/2016	9M/2015
Sales revenue	6.2	6.5
EBITDA*	-18.8	-26.5
EBIT*	-22.8	-31.5

- Recurring **EBIT** improved by 28% due to
 - General cost savings
 - Lower provisions resulting from changed variable management remuneration components

Group. EBIT improvement driven by CFM and T&I and Corporate – Net result impacted by GE sale agreement



in € million	9M/2016	9M/2015
Sales revenue	562.1	598.8
EBITDA before non-recurring charges	49.0	45.8
ROCE _{EBITDA} (in %)	7.8	5.6
EBIT before non-recurring charges	12.8	8.6
Non-recurring charges	-0.6	-2.0
EBIT	12.2	6.6
Net financing result	-38.7	-39.7
Results from continuing operations before income taxes	-26.5	-33.1
Income tax expense and non controlling interests	-1.8	-3.4
Discontinued operations	-94.7	-67.5
Consolidated net result attributable to the shareholders of the parent company	-124.1	-105.6

- SGL Excellence **cost savings** (continuing operations) of €9.3 million and (discontinued operations) of €17 million in 9M/2016. Total savings €228 million since inception of the SGL2015 program. Target of €240 million included €15 million losses of disposed HITCO and Rotec therefore SGL2015 successfully completed
- **Discontinued operations** affected by €43 million impairment (relating to business continuation until closing and transaction costs) resulting from the GE sale agreement with Showa Denko as well as €14 million one-time deferred tax impact resulting from the carve out

Free cash flow. Q3/2016 free cash flow almost break even

in € million (continuing activities)	9M/2016	9M/2015
Cash flow from operating activities	-50.9	-95.7
Capital expenditures in property, plant and equipment and intangible assets	-22.0	-32.0
- thereof SGL Group excluding SGL ACF	-21.2	-23.3
- thereof SGL ACF	-0.8	-8.7
Cash flow from other investing activities*	-1.5	9.0
Free cash flow	-74.4	-118.7
Free cash flow from discontinued operations	-16.0	2.3

- **Cash flow from operating activities** improved strongly by more than €40 million as a result of a higher result from continuing operations before taxes, the reduced working capital buildup in the reporting period, and the non-recurrence of negative cash effects from the termination of USD hedges in the previous year
- **Free cash flow from discontinued operations** included approx. €22 million cash-out for restructuring, particularly relating to the closure of the GE plant in Frankfurt-Griesheim, approx. €7 million for strategic projects (carve out, etc.) as well payments of approx. €20 million in connection with the disposal of HITCO's aerostructures activities

*Dividends received, payments for capital contributions in At-Equity accounted investments and other financial assets, proceeds from sale of intangible assets and property, plant and equipment

Balance sheet. Sufficient liquidity and sources of liquidity despite deteriorated ratios

in € million	30.09.2016	31.12.2015
Equity ratio (in %)	6.0*	15.6
Total liquidity (incl. discontinued activities)	159.6	250.8
Net financial debt	623.1	534.2
Gearing (net debt/equity)	6.12**	1.85

- **Equity ratio** declined due to the net loss of €124 million as well as the further adjustment of pension liabilities in Germany and the US based on lower long-term interest rates (impact on equity: minus €51 million after taxes)
- Higher **net financial debt** reflects mainly the reduced liquidity, resulting primarily from the buildup of working capital (decrease in trade payables), as well as to one-time cash outflows in connection with the closure of the graphite electrode plant in Frankfurt-Griesheim and payments relating to the sale of HITCO's aerostructures business – however, net debt remained relatively stable compared to June 30, 2016
- €200 million **syndicated loan** available and undrawn
- **Sources of cash:** €180 million gross proceeds from rights issue in 12/2016, GE sale expected to close in H1/2017 with anticipated cash proceeds of at least €200 million, sale of profitable CFL/CE business expected also for 2017
- No **maturities** of any of our **financial debt** instruments until **January 2018** (convertible bond 2012/2018)

*Pro forma equity ratio as of September 30, 2016 including proceeds from capital increase 15% (instead of 6%)

**Pro forma gearing as of September 30, 2016 including proceeds from capital increase 1.64 (instead of 6.12)

Appendix

Global presence

11 production sites North America

21 production sites Europe

8 production sites Asia



Shares in issue and shareholder structure.

Basic shares

Security Identification Number	723530
ISIN Number	DE0007235301
Cusip Number	784 188 203
Number of Shares (as at January 31, 2017)	122,341,478
Free float	~ 42%

Reported shareholdings according to §§ 21 f. WpHG

SKion GmbH	(Oct 15, 2014)	27.46%*
BMW AG	(Oct 15, 2014)	18.44%
Volkswagen AG	(Jun 1, 2016)	9.82%**

*In December 2016, Skion GmbH purchased additional shares of SGL Carbon SE, resulting in their holding increasing to ~28.5%

**Volkswagen AG did not participate in the December 2016 rights issue

Debt market instruments.

Corporate bond

Coupon	4.875%
Principal Amount	€ 250 million
Issue Date	12 December 2013
Date of Maturity	15 January 2021

Convertible notes 2012/2018

Coupon	2.75%
Principal Amount	€ 240 million
Adjusted Conversion Price	€ 37.5067
Conversion Right (as at January 31, 2017)	6.39 million shares
Issue Date	25 April 2012
Date of Maturity	25 January 2018

Convertible notes 2015/2020

Coupon	3.5%
Principal Amount	€ 167 million
Conversion Price	€ 17.0732
Conversion Right (as at January 31, 2017)	9.78 million shares
Issue Date	14 September 2015
Date of Maturity	30 September 2020

Financial calendar / contact details.

Financial calendar 2017

March 21, 2017	Annual Report 2016
May 11, 2017	Report on the first quarter 2017
May 17, 2017	Annual General Meeting
August 10, 2017	Report on the first half year 2017
November 9, 2017	Report on the first nine months 2017

Contact

SGL CARBON SE

Soehnleinstrasse 8
65201 Wiesbaden
Germany

Phone +49 (0) 611 - 6029 - 103

Fax +49 (0) 611 - 6029 - 101

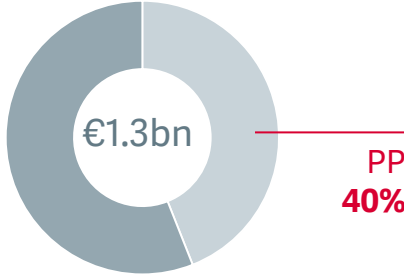
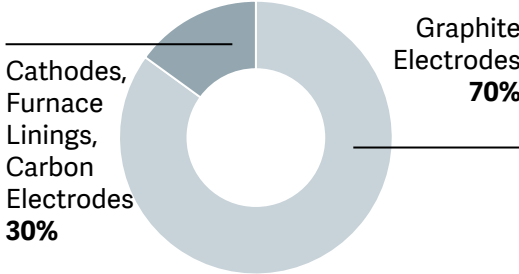
investor-relations@sglgroup.com

www.sglgroup.com

Reporting Segment Performance Products

(classified as discontinued operations at the
end of Q2/2016)

Reporting Segment: Performance Products (PP).

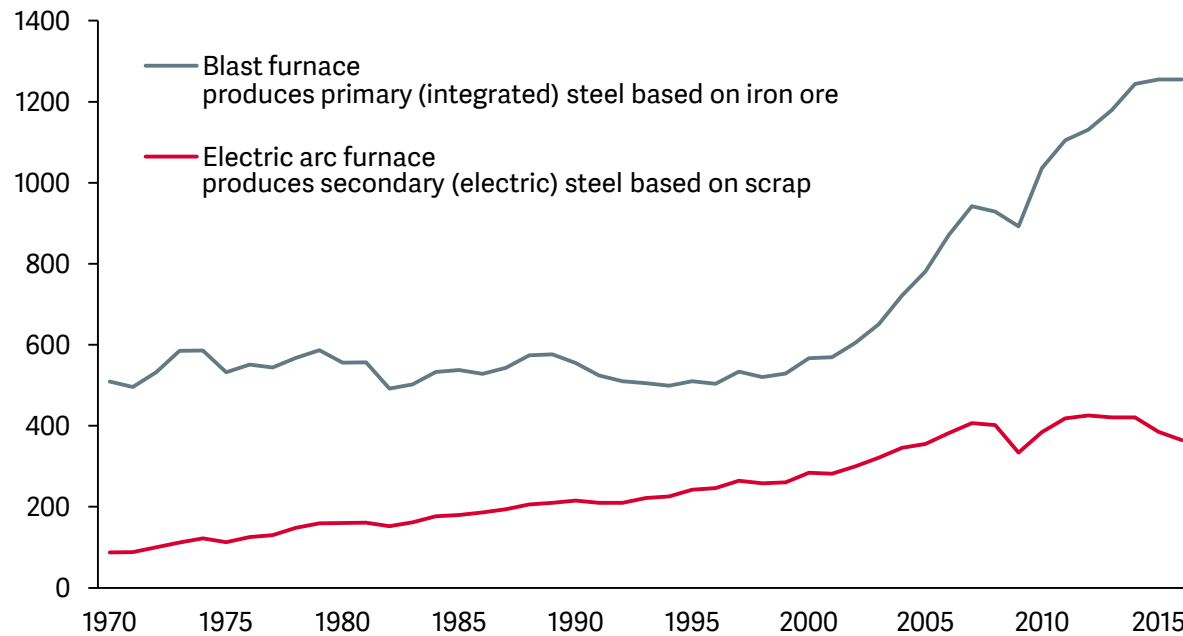
Activities	2015 Group sales	PP sales - 2015
<ul style="list-style-type: none">▪ Graphite Electrodes (GE)▪ Cathodes▪ Furnace Linings▪ Carbon Electrodes	 <p>€1.3bn</p> <p>PP 40%</p>	 <p>Graphite Electrodes 70%</p> <p>Cathodes, Furnace Linings, Carbon Electrodes 30%</p>
Key industries served	Characteristics	Strategic priorities
<ul style="list-style-type: none">▪ Steel▪ Aluminum▪ Ferrous and non-ferrous metals	<ul style="list-style-type: none">▪ Key supplier for steel and aluminum markets▪ Leading competitive position▪ Historically solid ROS & ROCE▪ Historically strong cash flow	<ul style="list-style-type: none">▪ Align infrastructure with market development (swing capacities)▪ Reduce unit costs by optimized production set up▪ Increase customer value with product quality and consistency

Graphite Electrodes.

Steel production in EAFs

- **Growth in steel production** 2000ff fuelled by infrastructure demand from emerging countries
- In recent years, **Chinese steel exports** inhibits EAF growth in most regions, **iron ore price decline** lowered production cost of blast furnace steel
- Significantly higher steel consumption 2000ff will lead to **higher scrap availability** and lower price, favoring again EAF steel production
- **GE critical to EAF furnace efficiency** but only ~3% of steel-making conversion cost

Worldwide steel production [in million t p.a.]



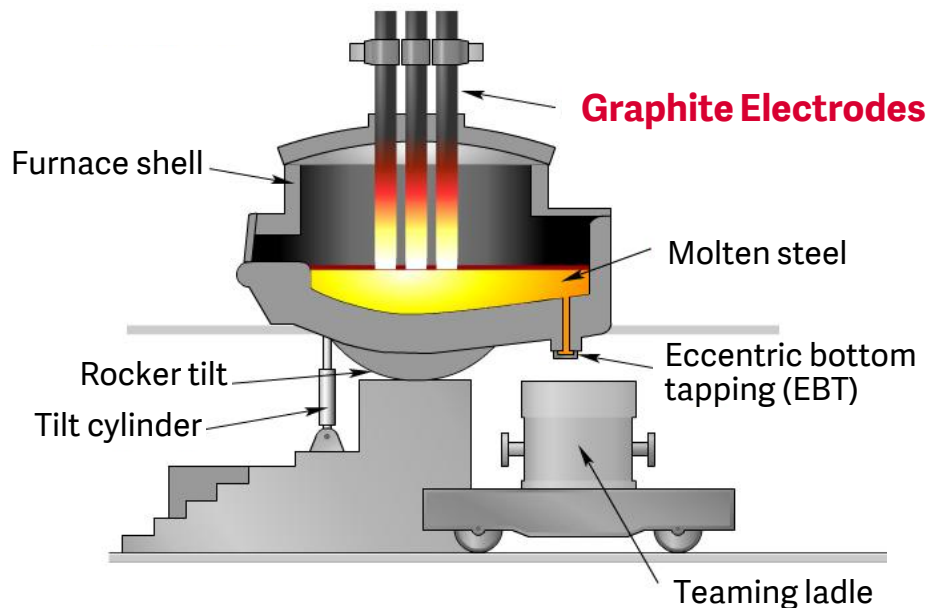
Source: WSD, IISI, own estimate

Graphite Electrodes.

Essential consumable for electric steel production

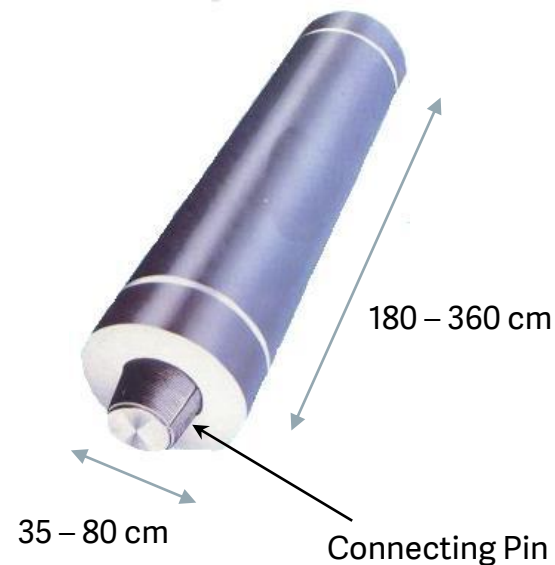
Steelmaking in an electric arc furnace (EAF)

Section view through EAF



Graphite electrode

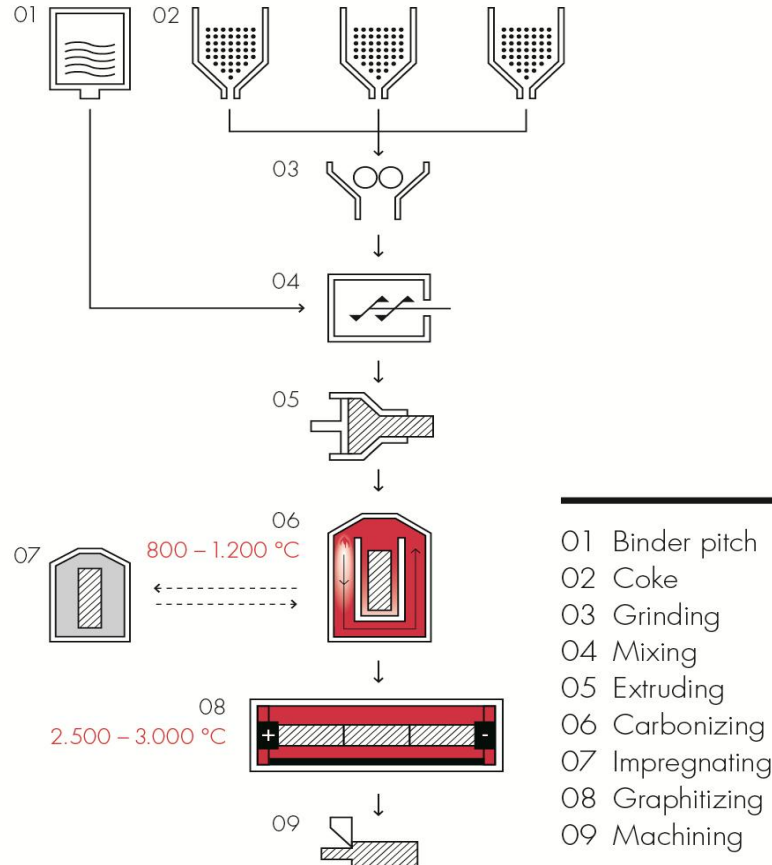
Consumed after 5-8 hours



Source: steeluniversity.org

Graphite Electrodes. Production process

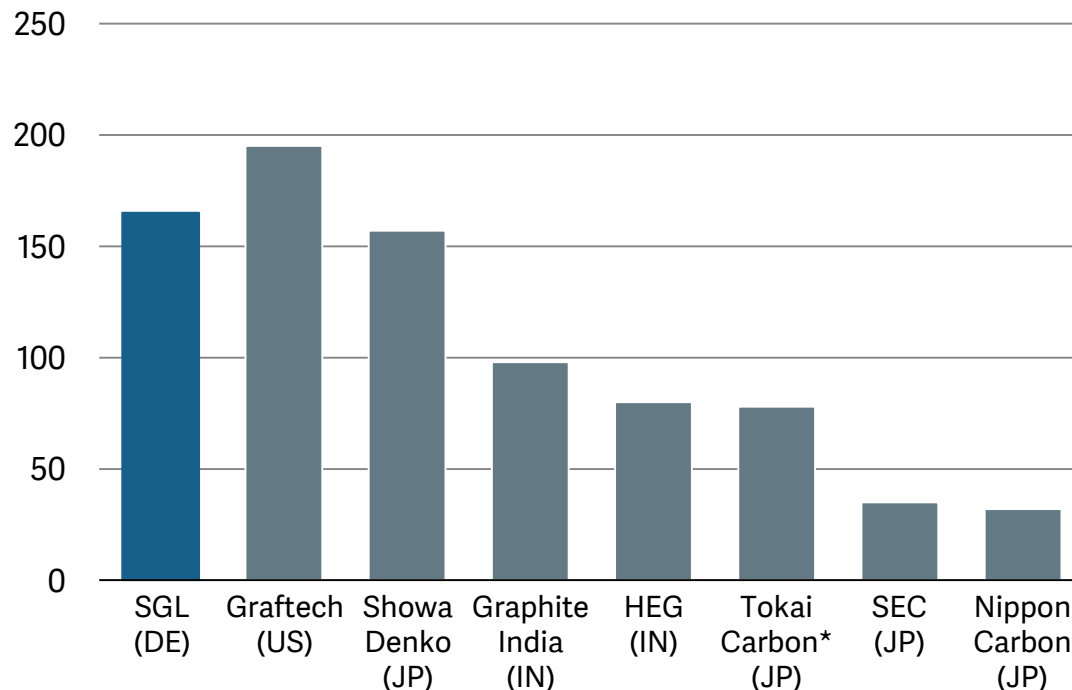
- Production process takes up to 3 months
- Needle coke (key raw material) requirements sourced on basis of multiyear contracts



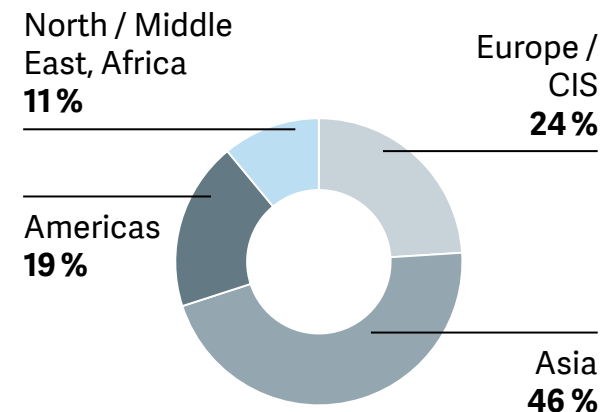
Graphite Electrodes.

Graphite electrode market

Capacity by competitor in 2015 – UHP / HP-quality [in tmt]**



Regional demand in 2015



*Announcement on August 5, 2015: graphite electrode capacity reduction by 22kt (Japan).

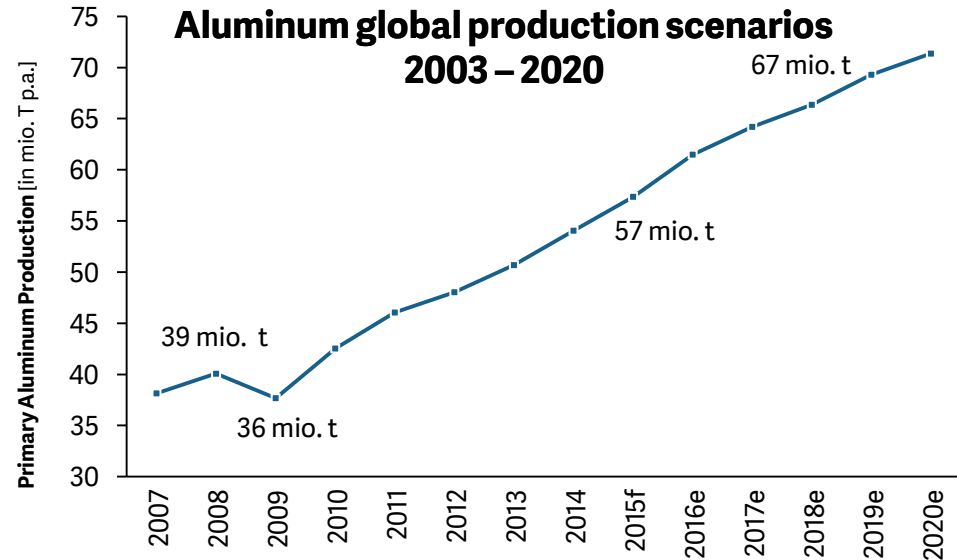
**Russia and China: Potential UHP capacity dependent on equipment, technical capability and needle coke availability.

Source: SGL Group's own estimates (as of March 2016)

Cathodes.

Participates in aluminum industry growth

- **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

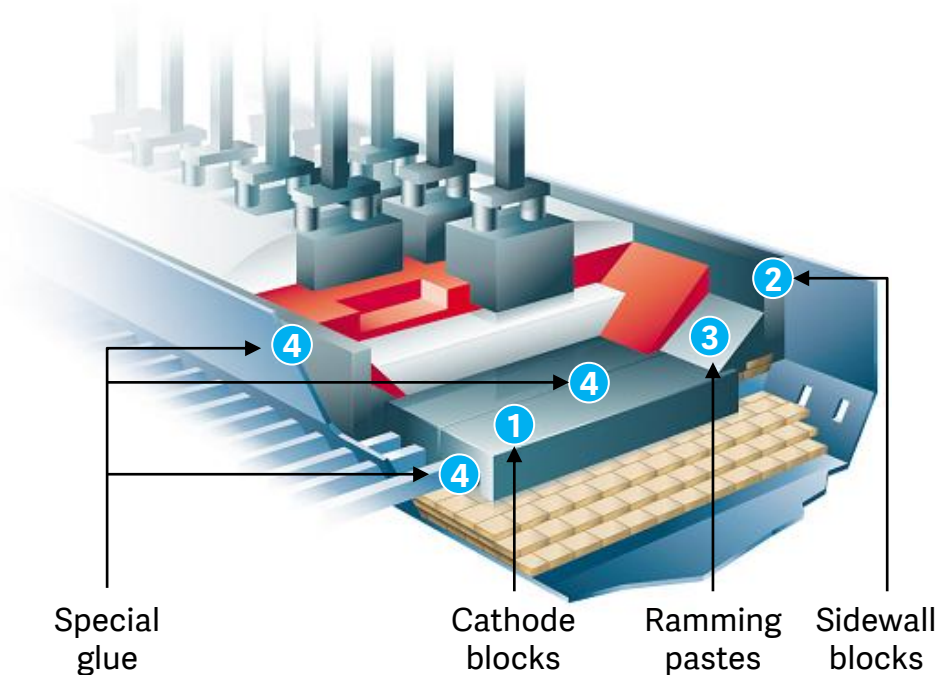


- Solid fundamentals for **aluminum production growth**
- **Various new projects** under construction, additional feasibility studies for capacity increases underway

Cathodes.

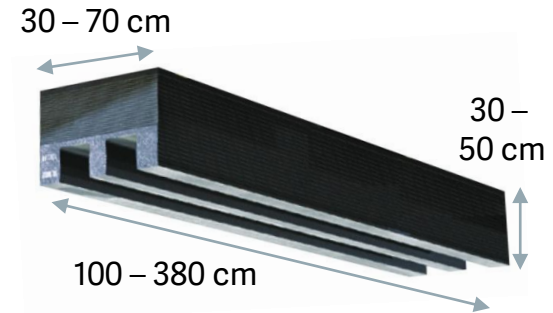
Investment good for the aluminum industry

Aluminum smelter



Cathodes

Investment good (lifetime 5-7 years)

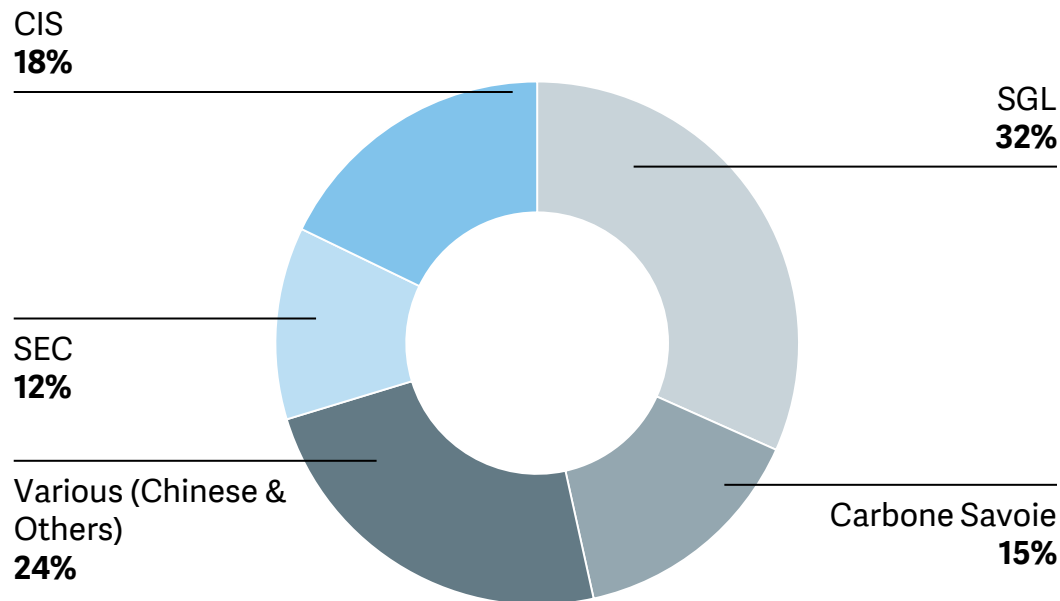


Cathodes.

Market shares in cathodes

- 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

Market shares in cathodes 2015

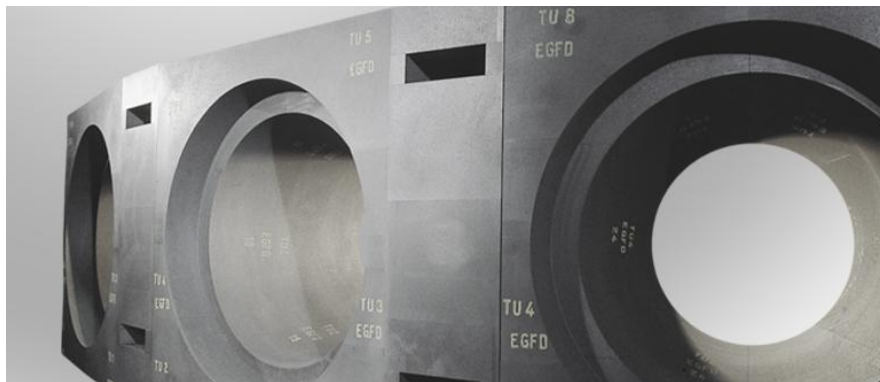


Source: SGL Group's own estimates, market shares based on volume (excl. China domestic)

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

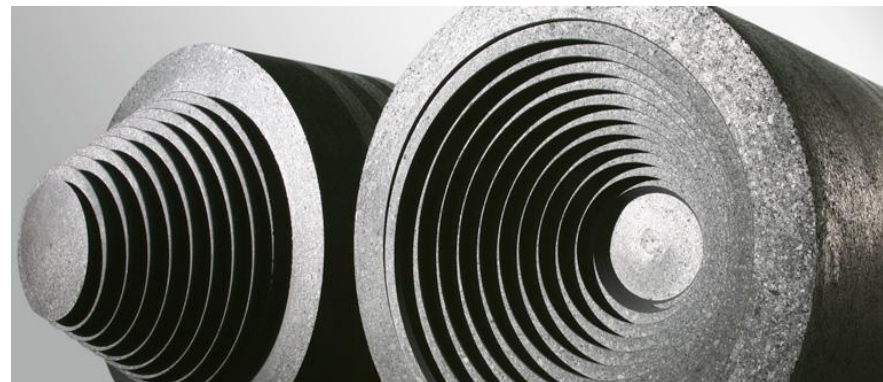
Furnace linings and carbon electrodes.

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%

Performance Products. Reclassified to discontinued operations as of June 30, 2016

in € million	9M/2016	9M/2015
Sales revenue	310.3	406.3
EBITDA before non-recurring charges*	2.0	54.0
EBIT before non-recurring charges*	-20.4	23.9
EBIT-Margin before non-recurring charges* (in %)	-6.6	5.9
EBIT	-30.6	18.3

- Agreement to sell graphite electrode (GE) business to Showa Denko signed on October 20, 2016. Remaining profitable CFL/CE business to be sold in 2017
- Lower **sales revenue** (-24%) mainly due to renewed price decline in GE since Q4/2015
 - on the encouraging side, volumes in GE stabilized at low levels and even showed a slight increase compared to the prior year period
- **EBIT** declined to minus €20.4 million from €23.9 million in the prior year period mainly due to
 - renewed price pressure on graphite electrodes since Q4/2015
 - cost savings from both raw material price developments as well as from SGL Excellence and other projects (€17.0 million) were unable to compensate for the GE price effect
- Nevertheless, **EBITDA** on break even level

Analysis of non-recurring effects in FY2015. Excluding one-off effects (GE and HITCO) net loss only €47 million

in € million	2015	2014
EBIT before non-recurring charges	32.6	2.7
Non-recurring charges	-160.9	-51.2
- thereof restructuring (€73 million related GE measures, e.g. closure Griesheim)	-82.0	-40.6
- thereof impairment (in 2015 related entirely to graphite electrodes)	-78.9	-10.6
Net result continuing activities	-198.9	-127.8
Net result discontinued activities (HITCO)	-96.1	-119.2
- thereof operational losses	-30.6	-36.7
- thereof impairment and disposal losses	-65.5	-82.5
Consolidated net result attributable to the shareholders of the parent company	-295.0	-247.0

- **GE related measures** (mainly the **closure** of the **production facility** in Frankfurt-Griesheim, Germany) and the **GE fixed and other intangible asset impairment** lead to €152 million of **non-recurring charges** in 2015
- **Net result discontinued activities** of €96 million relates to **HITCO**, which was sold in December 2015
- Therefore, of the total net loss of €295 million in 2015, €248 million alone relate to a business that has been sold, and a business, where we are currently exploring “strategic options”
- In other words, **excluding HITCO and the graphite electrodes business**, we would have been able to significantly reduce our **net loss** to **€47 million**, bringing us a big step forward to positive net results

Important note.

Important note:

This presentation 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.

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