

Broad Base. Best Solutions.



SGL GROUP
THE CARBON COMPANY

Investor Relations Presentation

April 2017

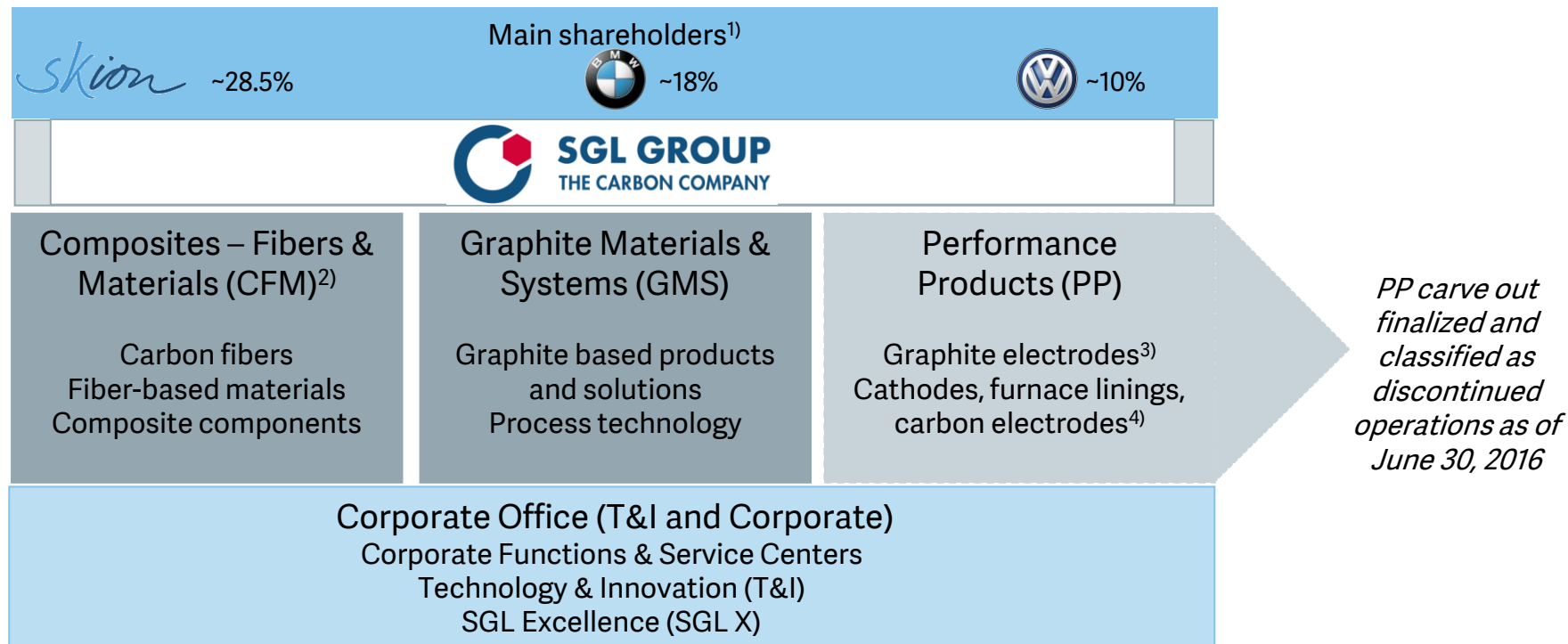
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Introduction to SGL Group's Businesses

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, closing targeted mid 2017 ⁴⁾ Sales process ongoing; signing targeted for second half 2017

Reporting Segment Composites – Fibers & Materials

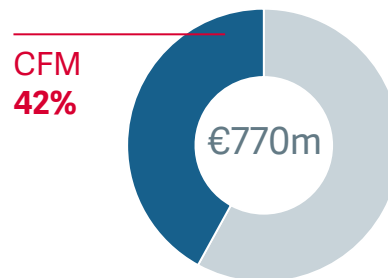
Reporting Segment.

Composites - Fibers & Materials (CFM)

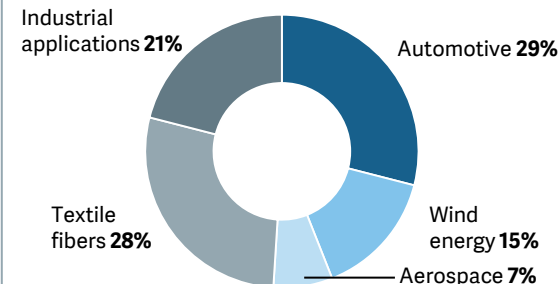
Activities

- Carbon Fibers
- Composite Materials
- 51% SGL ACF (JVs with BMW)
- Ceramic Brake Discs
- Automotive Composites

Group sales 2016



CFM sales 2016



Key industries served

- Automotive
- Wind energy
- Aerospace
- Industrial (e.g. Pressure Vessels)
- Textile fibers

Characteristics

- New applications in automotive, wind energy, industrial
- High earnings improvement potential
- Complete value chain in house
- The only EU based carbon fiber company

Strategic priorities

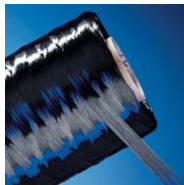
- Strengthen capabilities to safeguard globally leading position
- Develop products and production technologies for innovative customer solutions
- Exploit synergies across the value chain

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

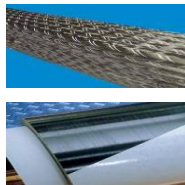
Carbon Fibers & Composite Materials



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

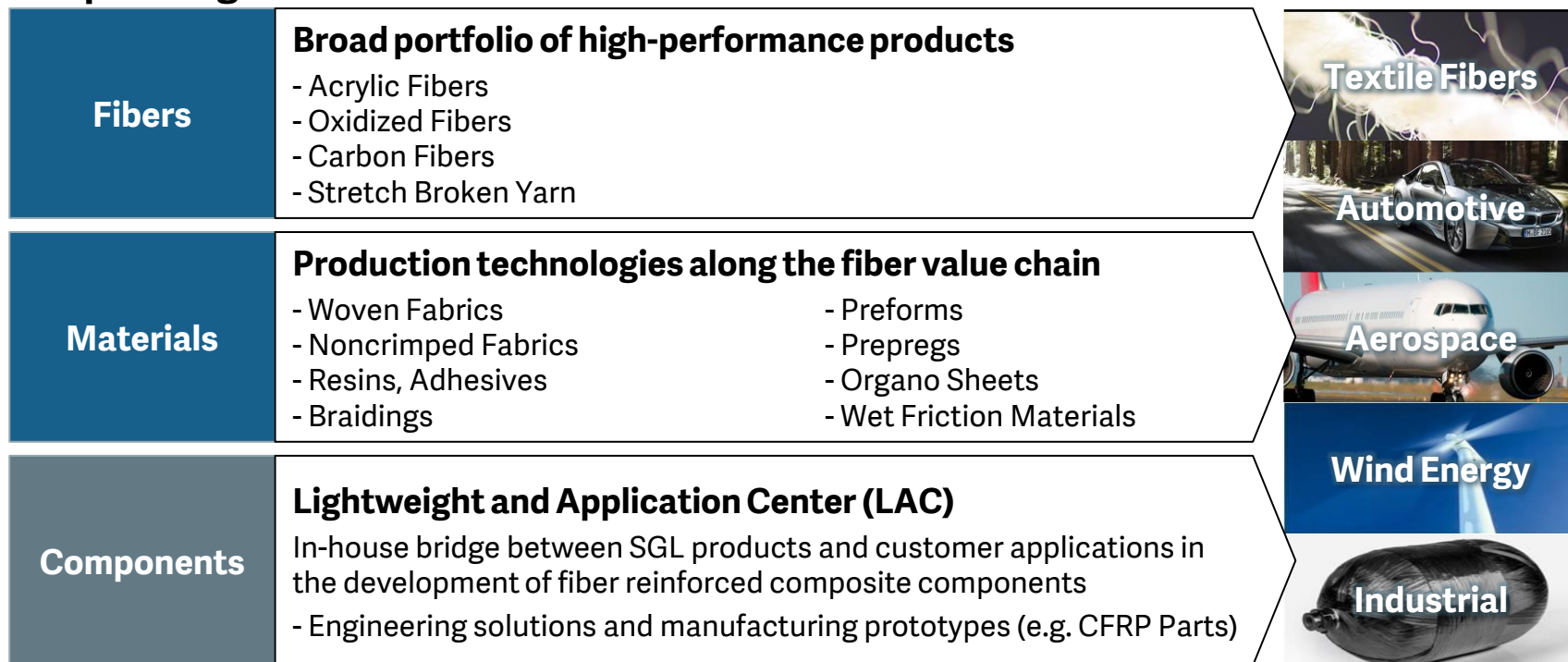
Automotive & Industrial

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



Our solutions serve key markets.

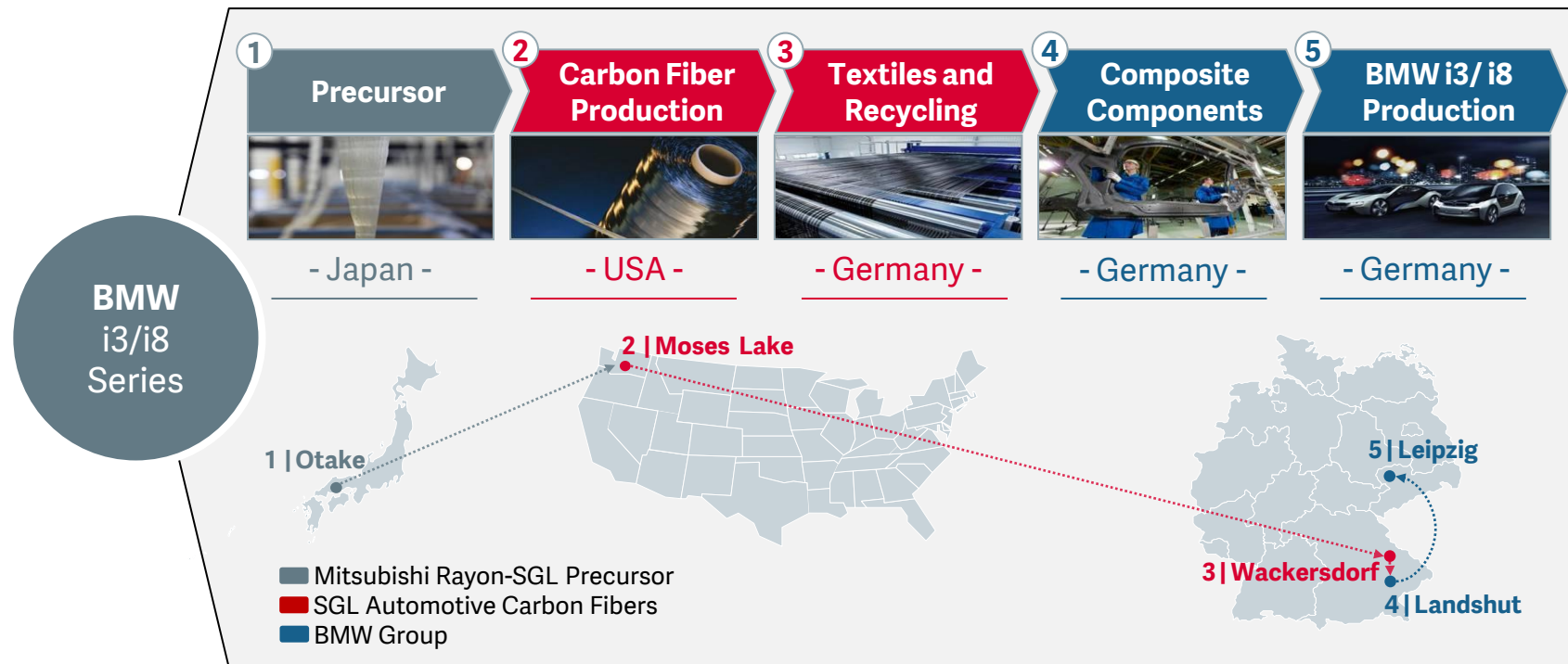
Unique integrated value chain



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)

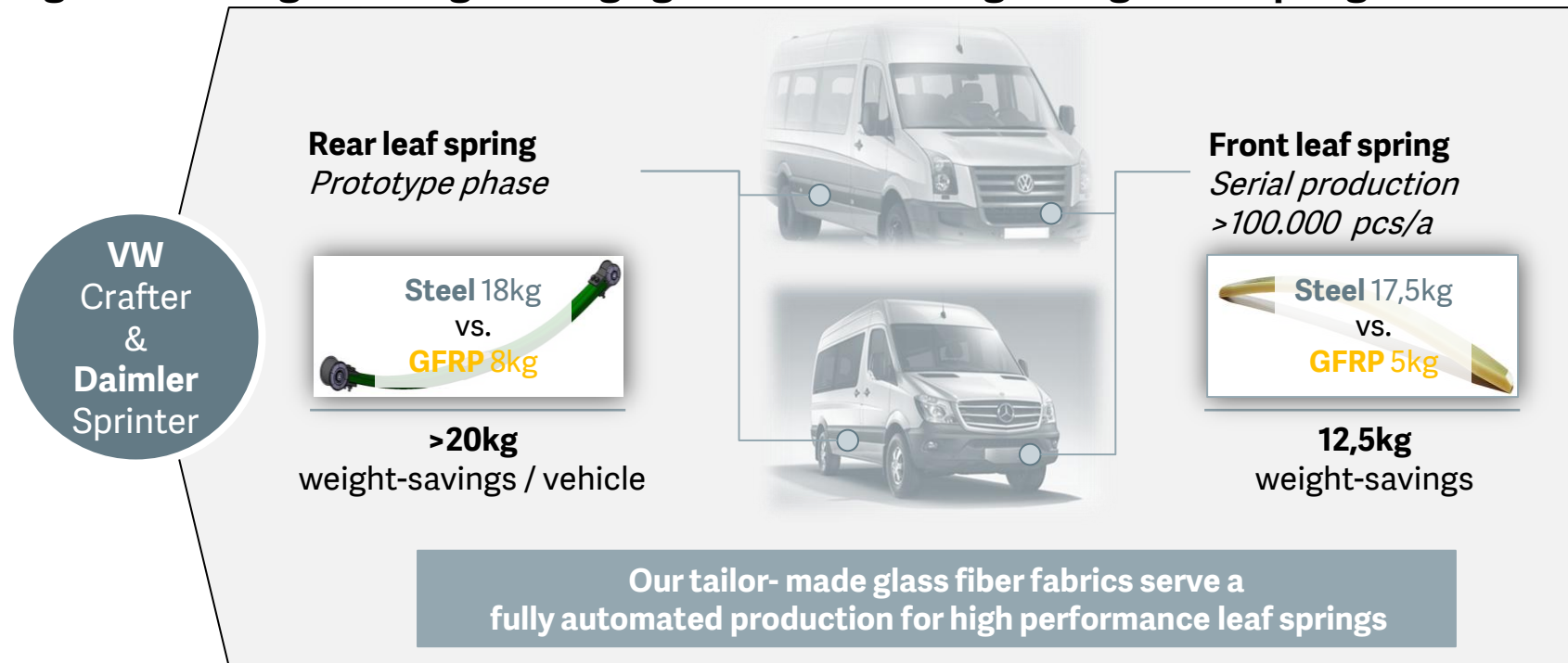


Audi R8
(Coupe & Spyder)

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

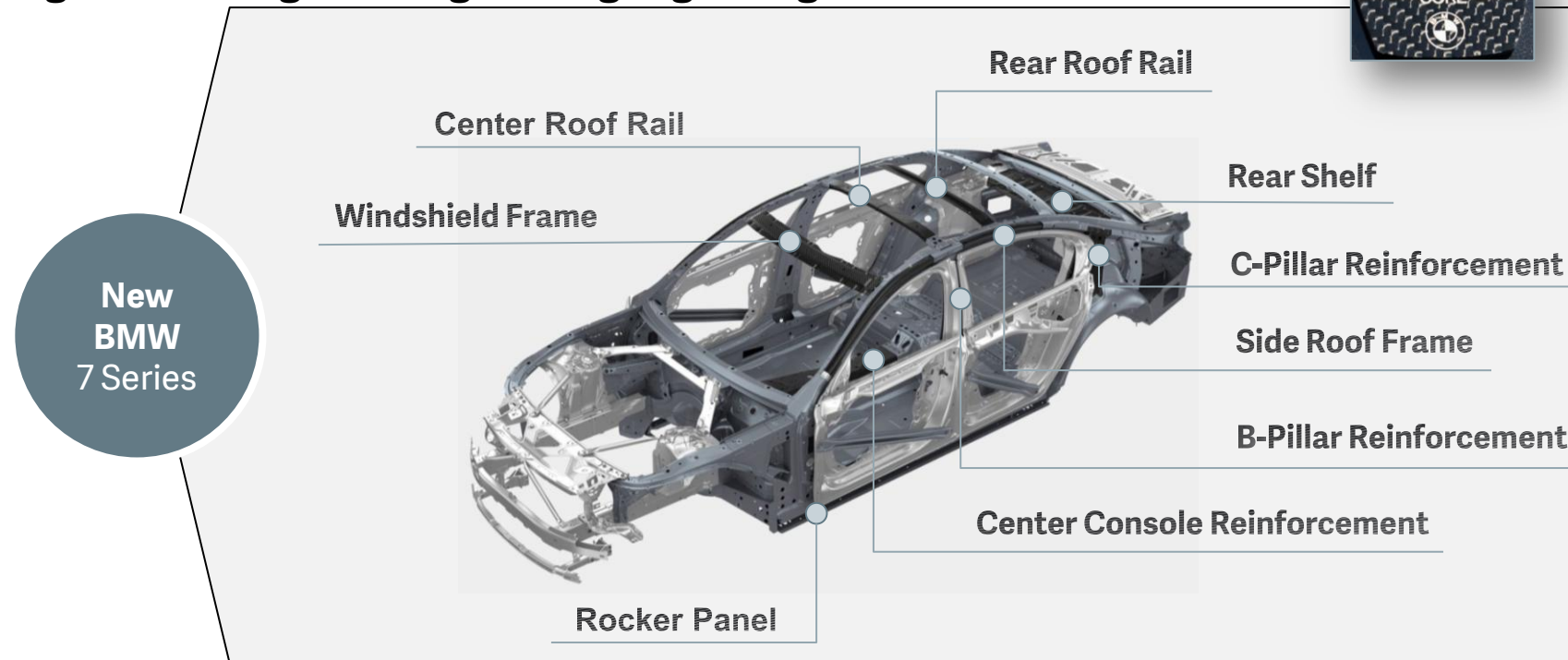


Volvo XC 90

The next level of Carbon Fiber in Automotive.

New BMW 7 series

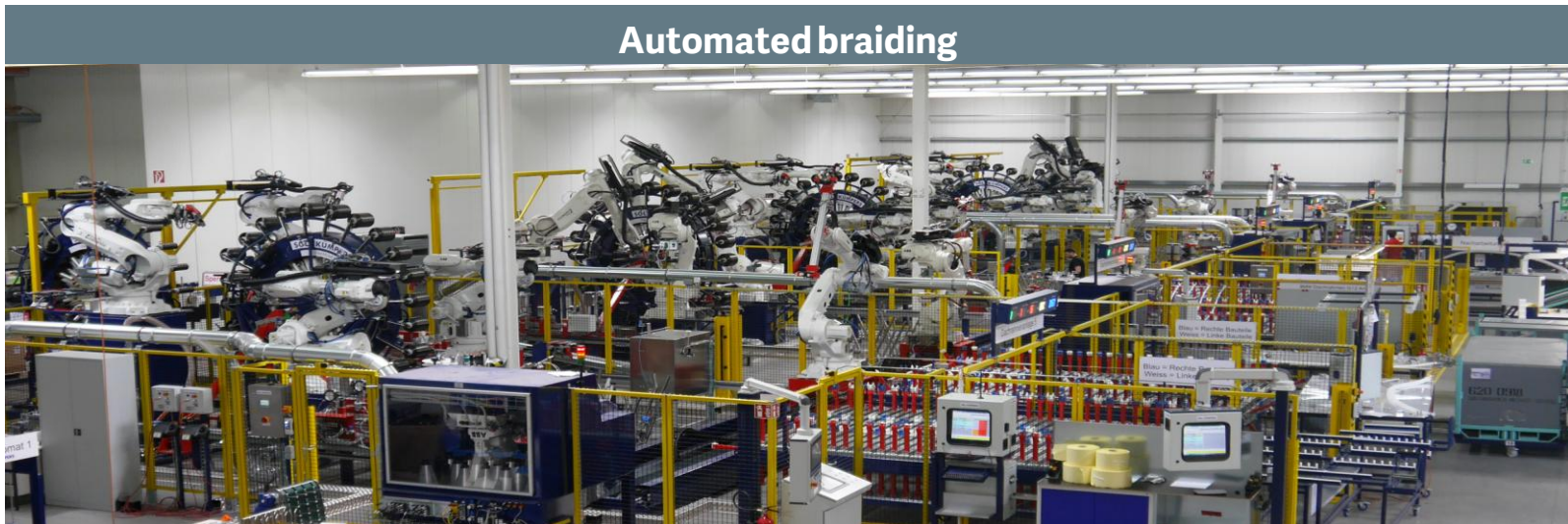
Significant weight-savings through lightweight chassis



Key differentiator in automotive.

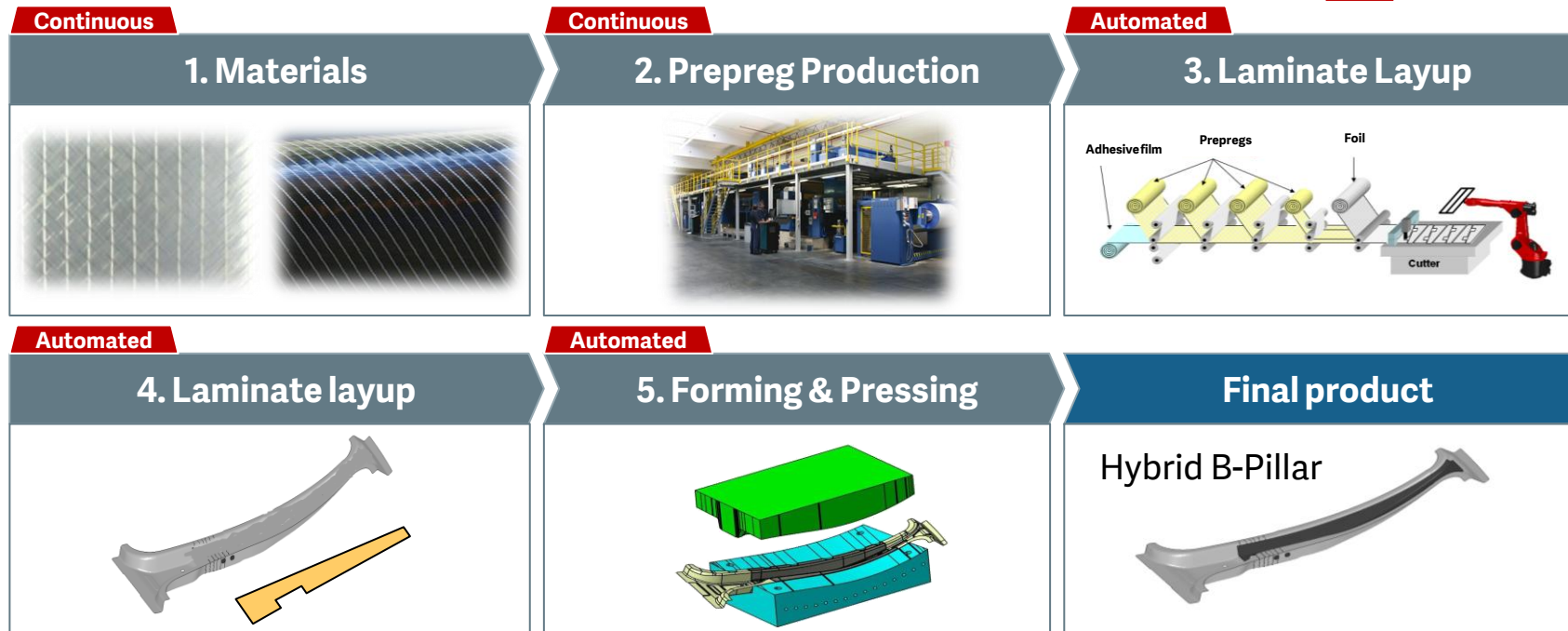
Focus on industrializing carbon fiber usage

- 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

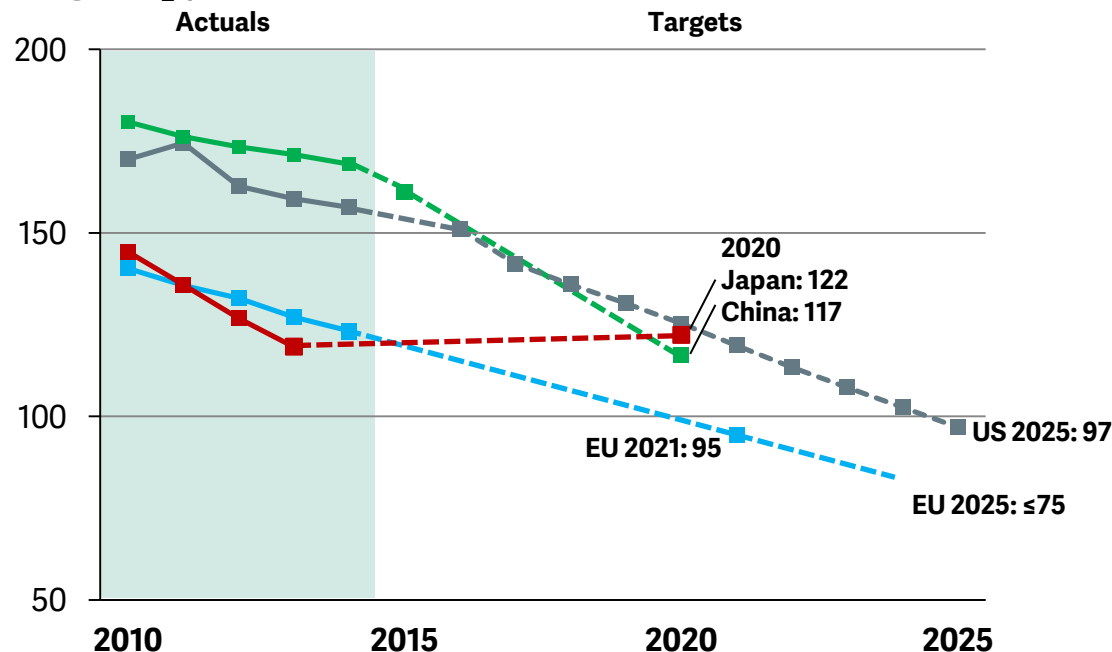


Cycle times of < 50 seconds enable large series production (e.g. 150.000 pieces/a)

Carbon in Automotive. Stringent CO₂ emission restrictions globally

CO₂ emissions car fleet actual averages and targets

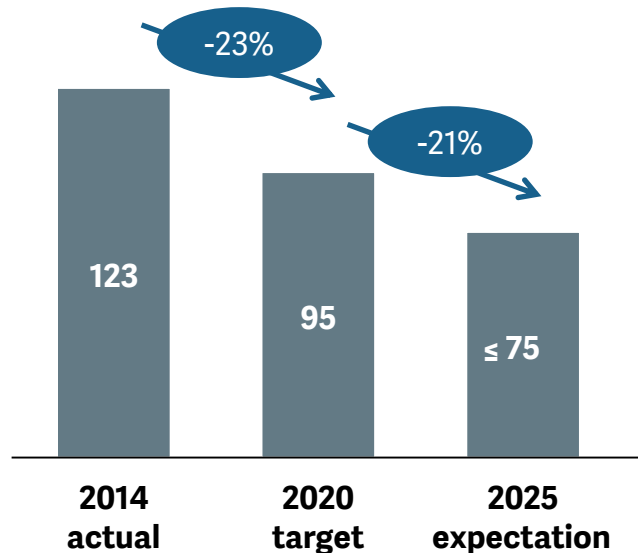
[in g CO₂ per km, normalized to NEDC*]



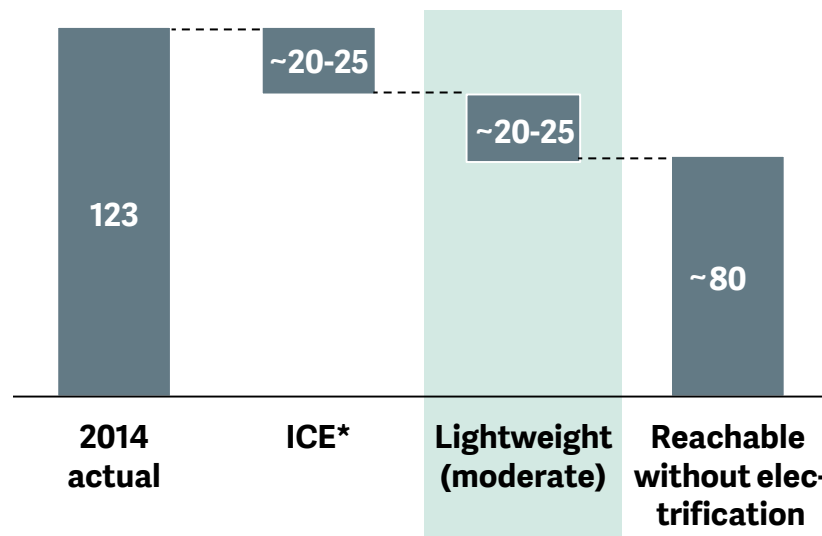
- Global approach to reduce CO₂ emissions
- Progressively more comfort and safety features on board
- Driver for lightweight

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

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



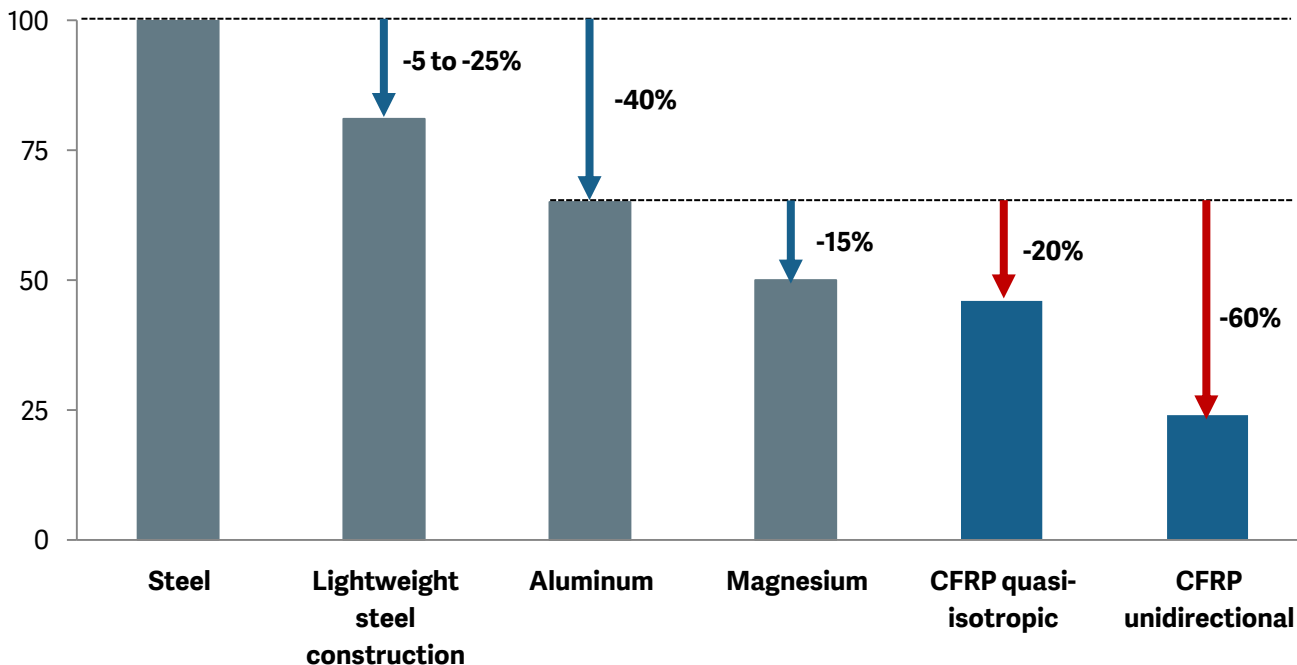
Only achievable with lightweight



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

Relative component weight (with the same functionality)

[in %]

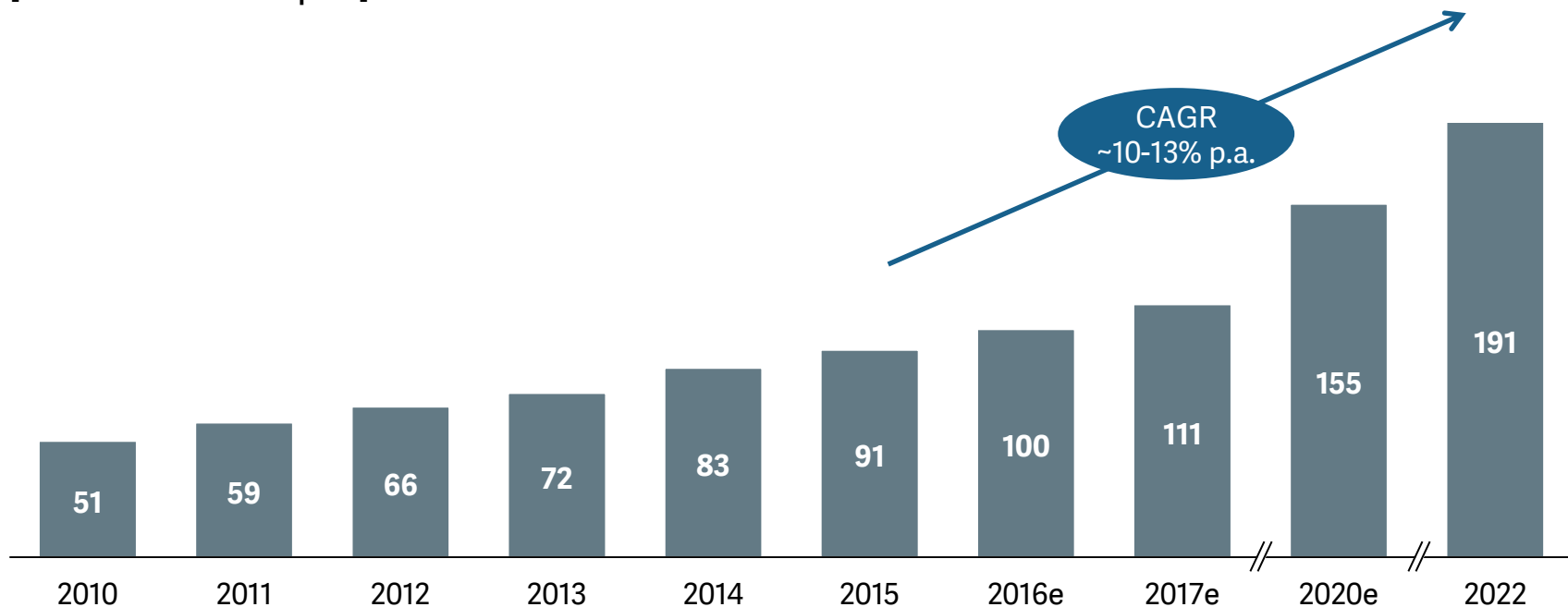


Source: N/EK-L; EKP

Carbon fibers and composite materials. Strong demand growth anticipated



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



Source: CCeV (November 2016)

Reporting Segment Graphite Materials & Systems

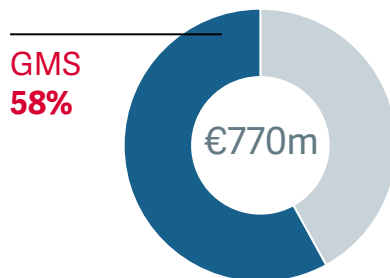
Reporting Segment.

Graphite Materials & Systems (GMS)

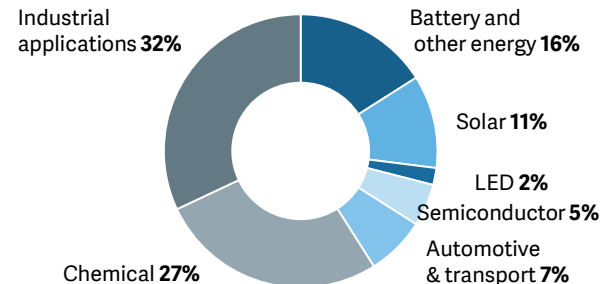
Activities

- Anode materials
- Isostatic
- Fiber Materials
- Extruded
- Die molded
- Expanded
- Process Technology

Group sales 2016



GMS sales 2016



Key industries served

- Lithium-Ion-Battery
- Solar
- Semiconductor
- LED
- Chemical
- Automotive & transport
- Industrial applications*

Characteristics

- Higher value-added products enabling customer innovations
- Specialized, partially tailor-made, products for differentiated customers
- Innovation driven business
- Engineered products & solutions for customers from > 35 industries – some with high growth potential

Strategic priorities

- Focus on forward integration
- Combine material-Know-how and engineering competence
- Advanced material, equipment, and process solutions in cooperation with customers
- Global competence and presence
- Improve cost competitiveness
- Target new market segments

*e.g. electric discharge machining (EDM), oil and gas, glass, high temperature applications, metallurgy

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

... in the Solar, 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



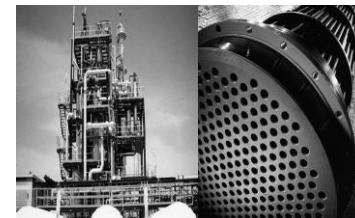
Anode
material for
lithium-ion
batteries

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



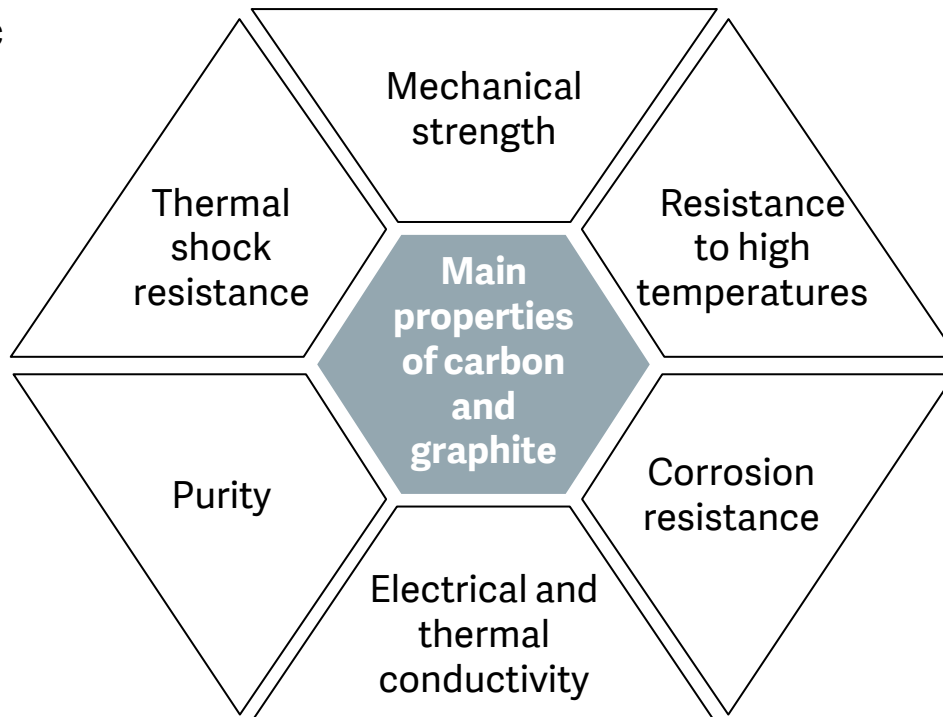
- Isostatic
- Extruded
- Vibro molded
- Die molded
- Expanded
- Carbon fiber reinforced carbon
- Soft & rigid felt
- SiC coating
- Syntheses & heat exchangers



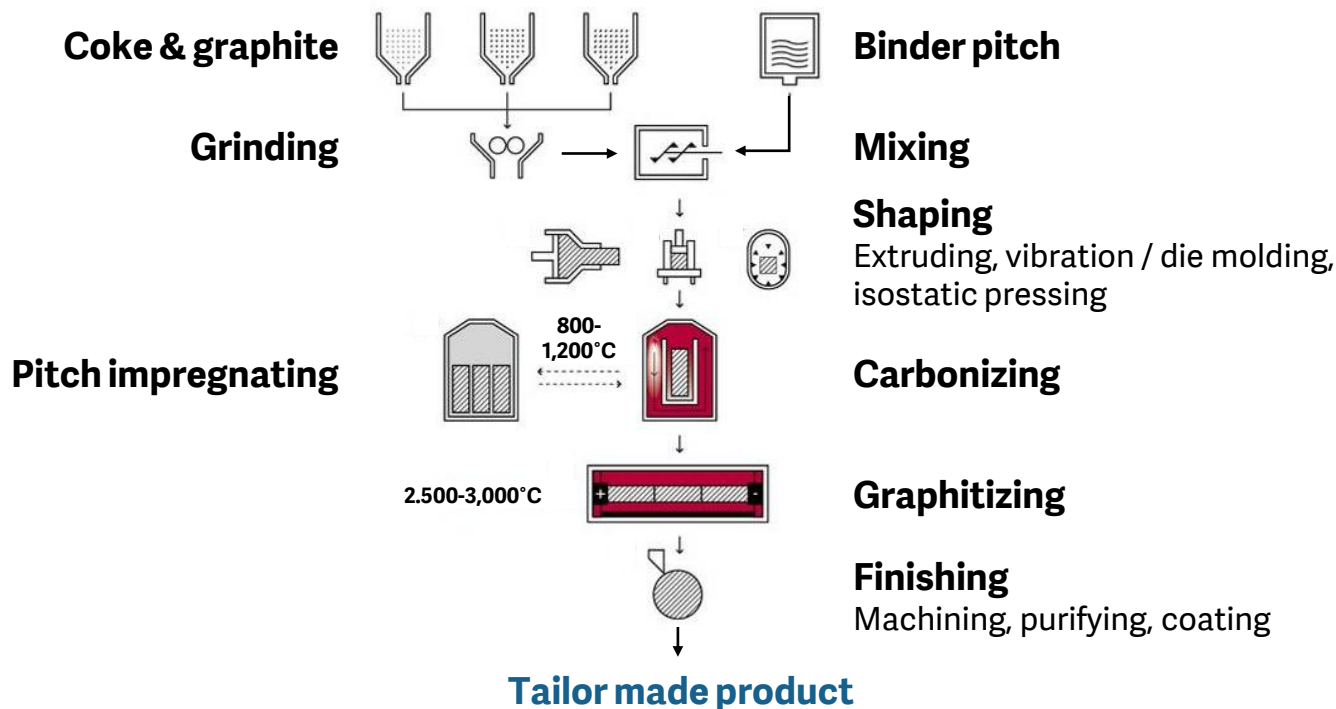
- | | |
|-----------------------|--------------------------|
| ▪ Lithium-ion battery | ▪ Sapphire |
| ▪ Chemical | ▪ Heat treatment |
| ▪ Solar | ▪ Sealing & gaskets |
| ▪ Semi-conductor | ▪ EDM |
| ▪ LED | ▪ Glass & refractory |
| ▪ Automotive | ▪ Mechanical engineering |
| ▪ Transport | |
| ▪ Polysilicon | |

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

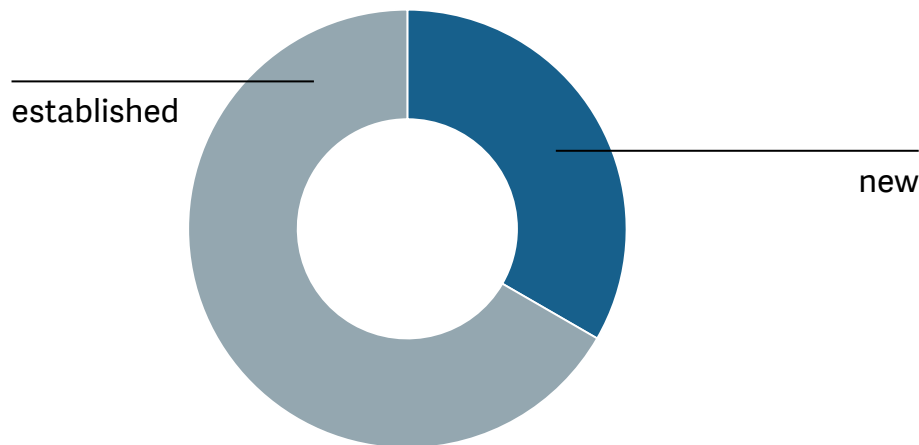


Graphite materials enable innovation.

Examples:

- Advanced graphite anode materials for lithium-ion batteries
- Graphite foils and felts for stationary energy storage
- Additives for lead acid batteries
- 3D filament wound susceptors for semiconductors
- Advanced silicon carbide coated carriers for LED
- CFRC charging racks carriers for high-temperature applications
- Extra large reactors for polysilicon production
- CFRC column internals for chemical processes

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



Graphite Materials & Systems.

Leading market shares in major end markets

Global markets shares 2016

Chemicals	35%
Batteries & other energy	35%
Solar	15%
Semiconductor	15%
LED	10%
Automotive & transportation	15%
Industrial applications	10%-50%

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 2016

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
- Carbon fiber materials for Civil Engineering .
- Advanced gas diffusion layers for fuel cells for automotive and stationary applications.

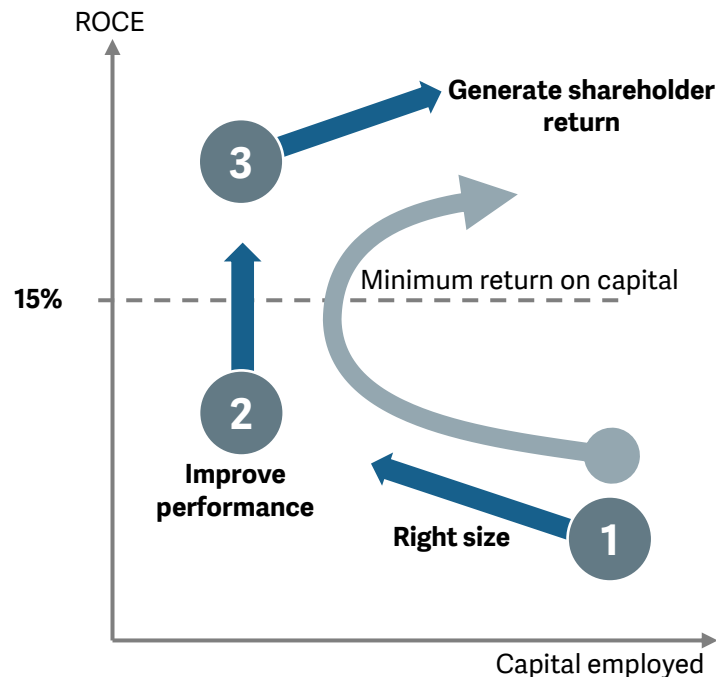
Raw materials & synthetic graphite development for aluminum industry

- **Increase customer value for aluminum smelters by developing improved cathode designs.**
- New furnace linings materials for increased lifetime.

Transformation of SGL Group

Fully on track.

In achieving our strategic realignment



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

ROCE. Remains key management principle for managing the business

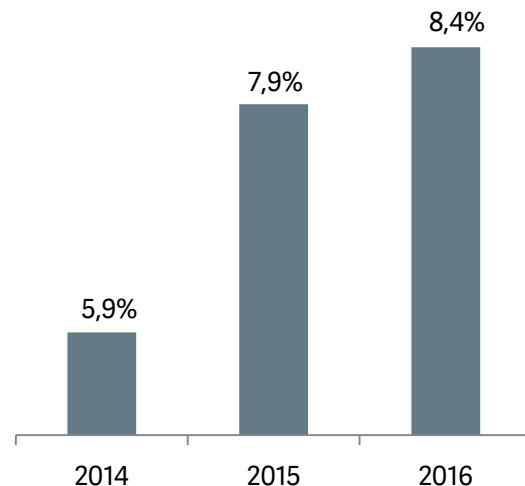
In 2014, we, the new Board of Management, introduced ROCE as new key management principle, replacing ROS

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

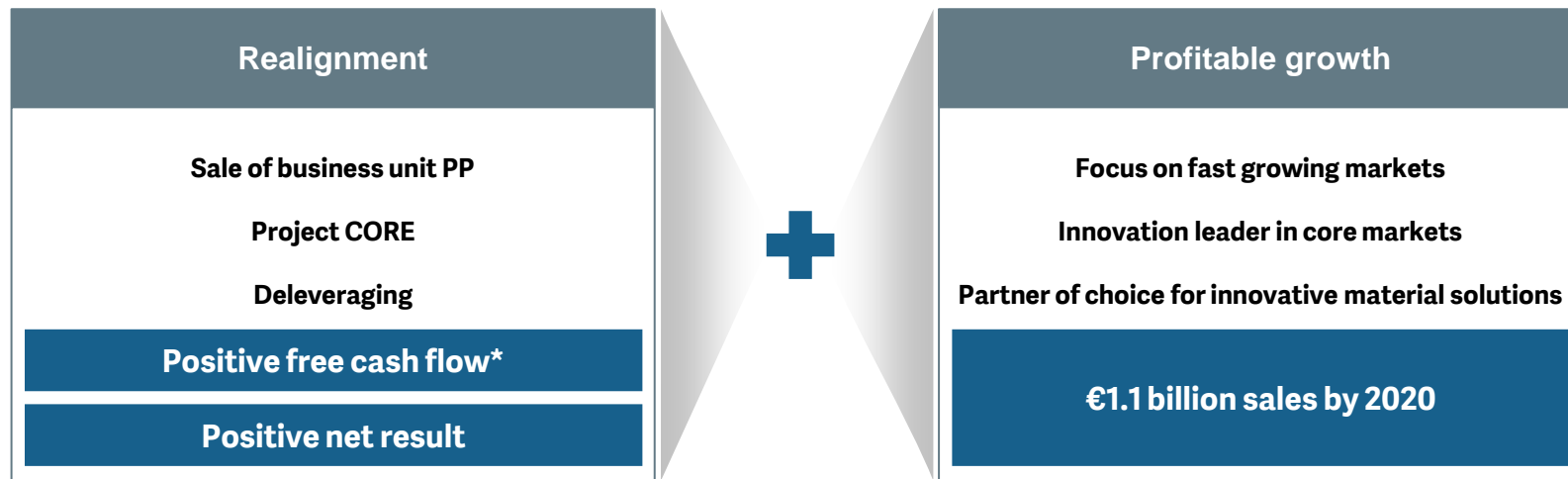
ROCE* development



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

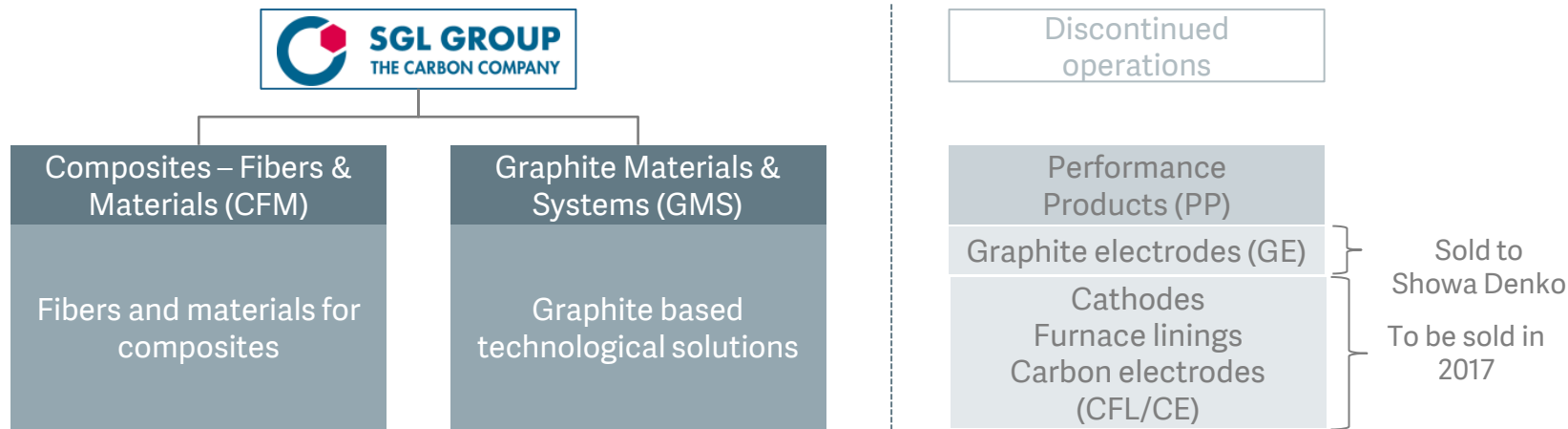
* Excluding disposal proceeds

** Excluding pensions

*** ROCE defined as EBITDA/Capital employed

The transformed SGL Group.

We are consistently implementing the announced strategy



- ✓ The disposal of the PP/GE business enables the new SGL Group to **concentrate** its resources on the **growth areas CFM und GMS**
- ✓ Focus on CFM and GMS improves the balance between markets and industries, and thus **reduces volatility in our business**

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 €18 million in 2016**, 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 mid 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



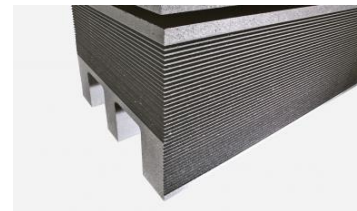
Highly cost competitive production facilities in Poland
with high levels of utilization



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)

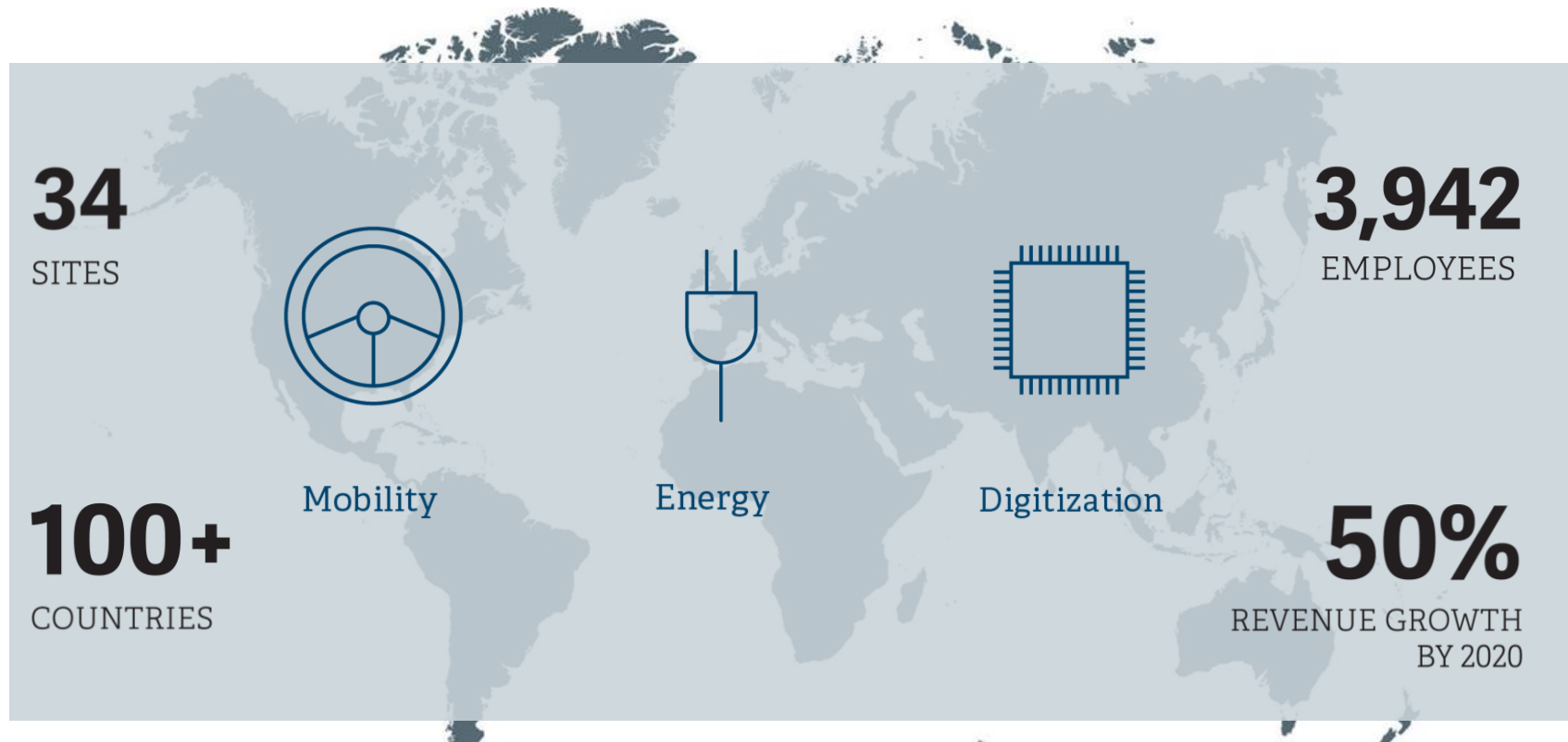
We also expect a successful transaction for the CFL/CE business in 2017.



- 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 have been 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
- We expect to sign a contract for the sale of our CFL/CE business in the second half 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

New SGL Group with focus on: Mobility, energy supply and digitization



Growing with global megatrends.

Carbon based solutions

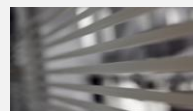
Market growth, CAGR 2015 - 2020				
SGL Growth		 Energy 10 % ¹	 Digitization 7 - 9 % ²	 Mobility 3 - 5 % ³
	CFM 10 % ⁴	Wind Pressure vessels	mobile 3C end devices	Automotive Aerospace Pressure vessels
	GMS 6 - 8 % ⁴	Stationary energy storage Lithium-ion batteries	Lithium-ion batteries	
		Solar, LED Nuclear, Polysilicon Stationary energy storage Heat recovery etc.	LED Semiconductor Sapphire glass	Automotive

¹ Energy efficiency, storage and generation; ² CCeV, Technavio, GreenTech Media, Siemens; ³ CCeV, Yole Développement, Avicenne Energy, ⁴ own forecasts

Carbon and Graphite.

Positioned along the entire value chain

CFM



Acrylonitrile,
Polyacrylonitrile (PAN)



Acrylic fibers, oxidized
fibers, carbon fibers



Preforms, prepregs,
multiaxial fabrics,
braidings, textile
products



Composite
components, carbon
ceramic brake discs,
leaf springs

Customers

Control over the entire **value chain** enables product customization to customer requirements

Customers receive **tailor made solutions** from every step of the value chain

Forward integration in finishing technologies (GMS) and CFRP-components (CFM) including application know how are essential for **differentiation**

Raw materials

Intermediate
stages

Semi finished
products

Solutions/
components

GMS

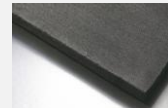
Cokes, pitches, natural
graphites



Synthetic fine grain
graphite blocks, expanded
natural graphite



Machining, finishing,
coatings (e. g. SiC),
assembly



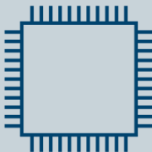





Heaters, anode materials
for lithium-ion batteries,
sealings, felts, process
equipment and solutions



Customers


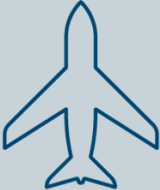



New Group Market Segmentation. Reflects stronger orientation to customer and growth markets

Market Segment						
Sales	Mobility ¹	Energy ²	Digitization ³	Industrial Applications	Chemical	Textile Fibers
2016	20 %	22 %	4 %	27 %	15 %	12 %
2015	18 %	20 %	4 %	27 %	17 %	14 %

¹comprises automotive, aerospace and transport markets; ²comprises battery, solar, wind and other energy markets; ³comprises LED and semiconductor markets


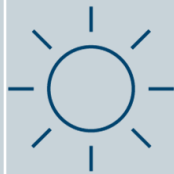

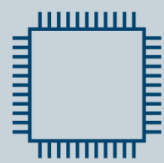



Composites – Fibers & Materials.

New market segmentation

Market Segment					
Sales	Automotive	Aerospace	Wind Energy	Industrial Applications	Textile Fibers
2016	29 %	7 %	15 %	21 %	28 %
2015	28 %	4 %	15 %	20 %	33 %

Graphite Materials & Systems.

New market segmentation

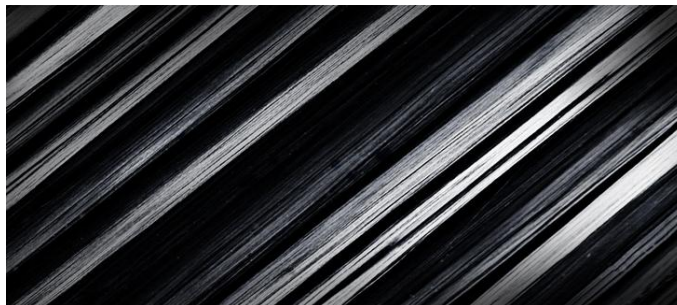
Market Segment							
Sales	Battery & other Energy	Solar	LED	Semi-conductor	Automotive & Transport	Chemical	Industrial Applications
2016	16 %	11 %	2 %	5 %	7 %	27 %	32 %
2015	14 %	10 %	3 %	5 %	7 %	30 %	31 %

Project Highlights

Optimizing the CFM value chain.

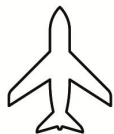
Fibers, composite materials and production

- Commissioning and inauguration of the new precursor production line in Portugal
 - Precursor being the raw material for carbon fibers
 - Completion of the value chain
 - Total investment amounting to €30 million
- Concentration of carbon fiber production at two sites
 - Evanston site sold
 - Enhanced efficiency of the production network through concentration at two sites in Moses Lake (USA) and Muir of Ord (UK)
- Construction and launch of the Lightweight and Application Center (LAC)
 - At Meitingen site



Launch of Lightweight and Application Center (LAC).

For serial lightweight construction



- Tailor made solutions for serial production of fiber reinforced plastics
- Initial focus on automotive industry, solutions for aerospace, wind energy and other industries to follow
- Cooperation between CAD engineers, production technicians, experts for production methods and automation technologies on 1,000 square meters
- From feasibility study to prototype manufacturing
- Already several development projects



A look into the market segments.

Summary of important project highlights



Developed customized solutions and kicked off new projects



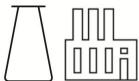
Contract extension and development projects



Strengthened position in lithium-ion battery industry

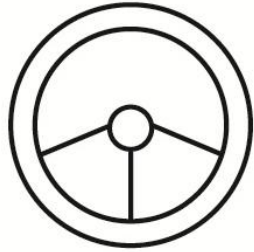


Capacities expanded based on increased LED demand



Received large contracts and expanded portfolio

Developed customized solutions. Serial production of structural parts and gear box applications

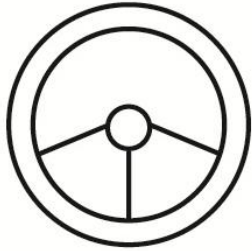


- 500,000 leaf springs p.a. from 2020 onwards based on composite materials for the models S60, S90, V60, V90 and XC60
 - Project with highest production volume of a composite component in the industry
- CFRP back wall and top B-pillar for the Audi MSS platform (Audi R8, Lamborghini Huracán)
- Close and intensive cooperation with BMW in various additional projects beyond the i3, i8 and 7 series models
- 50% sales increase in high performance wet friction material based on carbon components (e.g. duplex gear clutch)



Initiated development projects globally.

For material mix solutions in passenger cars

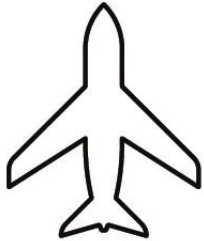


- Jaguar Land Rover
 - Cooperation with British research institutes and OEMs under SGL Group leadership
 - Development of new composite materials structures and manufacturing prototypes for structural parts of existing car models
- Daimler
 - Carbon fiber supply for CFRP stiffeners (manufactured with pultrusion technology)
 - Development projects for various components with new SGL Group materials
- Two Asian OEMs



Ready for lift-off.

Contract extension and various development projects



- Extension of contract with Airbus-subsidiary Elbe Flugzeugwerke (pre-impregnated carbon fiber textiles for Airbus A350 floor panels)
- Planned increase in vertical integration with an aerospace industry supplier for secondary structural parts
- Development project with aircraft supplier for cabin interior parts
- Product developments with the large aircraft manufacturers for the adoption of our industrial fiber (50k) in components



Photography source: istockphoto Foto 1-3 f.l.t.r.

Strengthened position in lithium-ion battery industry.

Expansion of business opportunities

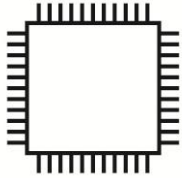


- Synthetic anode material qualified with further cell manufacturers
 - Cooperation intensified with long-standing partner Hitachi Chemicals
- Development of next generation lithium-ion batteries with higher storage density
 - Together with research institute ZSW and supported with research grants
- Bundling of competencies for battery development in Germany
 - Cooperation with leading German companies

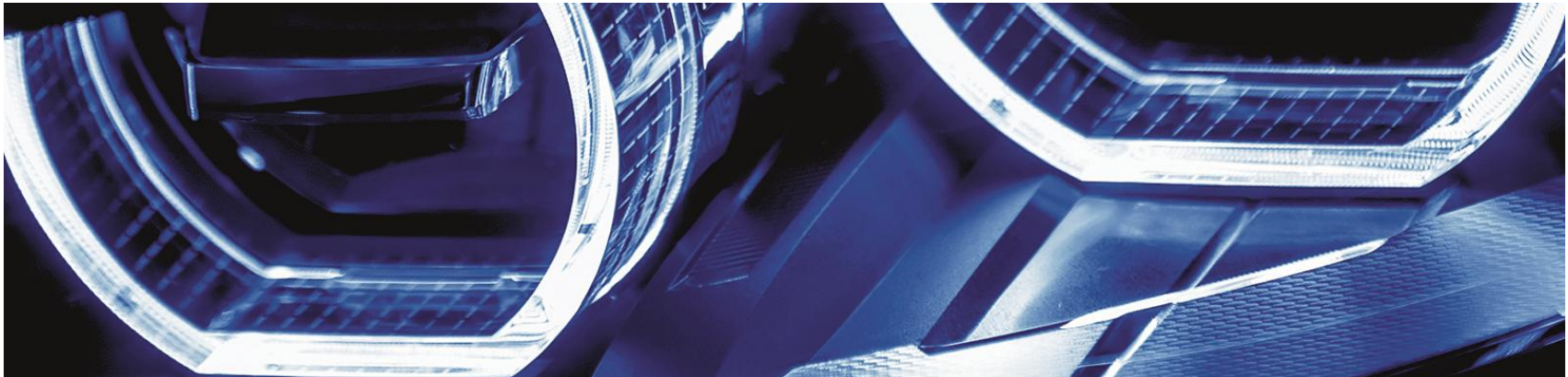


Capacity increase in the USA.

To meet increased demand for LEDs



- Construction of a new state-of-the-art production line for the coating of graphite carrier plates (wafer carriers) in the USA
 - Total investment of €7.5 million
 - Completion 2017
 - SGL Group technology provides critical contribution to LED quality
 - Supporting customers in furthering technical developments of LED production processes



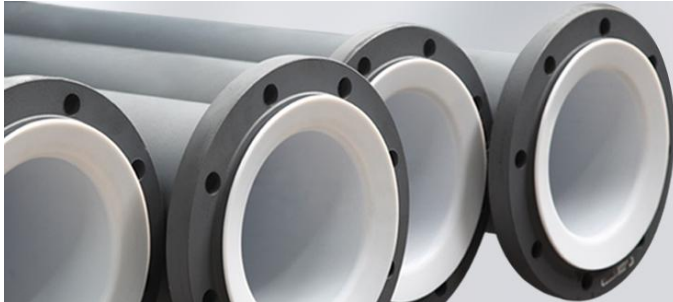
Photography source : istockphoto

Large orders and portfolio extension.

Continued industrialization in China



- Largest order ever in China for PTFE coated pipes for a recycling facility for hydrochloric acid (photovoltaic industry)
- Large order from Sabic Cartagena (Spain) for pipes for treatment of process waste water
- Extension of product portfolio and first successful application of carbon fiber reinforced carbon (CFRC) for distillation apparatus in the Chinese chemical industry
- Construction of an additional hard felt production in China. This high performance graphite based insulation material is used in high temperature furnaces



Efficiency enhancing and cost cutting programs

Project CORE. Transforms the „new“ SGL Group“ to a growth business model



Business Units will be refocused to concentrate purely on activities that generate growth: **Development, Production, Marketing & Sales**

All **administrative tasks** will be streamlined and **concentrated in the corporate functions**

Savings potential of **€25 million until the end of 2018**
(base year: 2015) identified

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

Business Process Excellence (BPX). Group wide program introduced in 2015 and reinforced in 2017



- 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**

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

Latest Financials FY2016

Composites – Fibers & Materials. Further considerable improvement in earnings

in € million	2016	2015
Sales revenue	317.4	327.3
EBITDA before non-recurring items*	41.3	32.0
EBIT before non-recurring items*	20.1	11.3
EBIT-Margin before non-recurring items* (in %)	6.3	3.5
ROCE _{EBITDA} (in %)	10.9	9.2

- **Sales revenue** decreased by 3% (currency adjusted by 1%) due to
 - 17% lower sales revenue in market segment **textile fibers** (pricing based on acrylonitrile/crude oil price development)
 - Partially offset by higher **aerospace** sales revenues due mainly to high level of invoicing in HITCO's materials business
 - Sales revenue with **automotive**, **wind energy** and **industrial applications** remained on prior year level
- **Recurring EBIT** with significant improvement due to
 - Improved earnings in market segment **automotive** (completion of ramp up and efficiency improvements at SGL ACF, improvement in at-equity accounted investments, new products ramp up)
 - Higher capacity utilization in market segment **industrial applications** due to higher carbon fiber demand
 - **Aerospace** market segment benefited from high level of invoicing in HITCO's materials business
 - Partially offset by lower earnings contribution in market segment **textile fibers** due to precursor line conversion and higher energy costs
 - Stable earnings in market segment **wind energy**

* Non-recurring items include reversal of impairment of €12.8 million in 2016 and restructuring charges of €1.1 million in 2016 and €0.5 million in 2015

Graphite Materials & Systems. Development impacted by weakness in oil related industries

in € million	2016	2015
Sales revenue	444.1	453.5
EBITDA before non-recurring charges*	49.8	56.6
EBIT before non-recurring charges*	27.8	34.1
EBIT-Margin before non-recurring charges* (in %)	6.3	7.5
ROCE _{EBITDA} (in %)	12.7	14.5

- **Sales revenue** down 2% (currency adjusted down 3%)
 - Market segment **chemicals** declined by 13% due weak demand from oil related industries
 - Partially compensated by 10% higher sales in **battery & others** market segment
 - Higher sales revenues also in market segments **solar** and **semiconductor**
 - Sales revenue in market segments **LED, automotive & transport** and **industrial applications** remained on prior year level
- Recurring **EBIT** declined 18% primarily due to
 - lower earnings contribution from market segment **chemicals** due to weak demand from oil related industries
 - non-recurrence of positive one-time effects in prior year (land sale and insurance compensations)

* Non-recurring charges of €1.6 million in 2016 and €5.2 million in 2015

T&I and Corporate.

Further improvement

in € million	2016	2015
Sales revenue	8.3	8.7
EBITDA before non-recurring charges*	-21.2	-24.7
EBIT before non-recurring charges*	-27.2	-31.7

- Recurring **EBIT** improvement due to
 - Positive one-off effect from land sale in Malaysia
 - Higher expenses for IT and management incentives offset by savings
 - Expenses for central T&I slightly below prior year level
- **Non-recurring charges** relate mainly to project CORE including, among other items, personnel changes in the Board of Management (early retirement of former board member Dr. Gerd Wingefeld at end of 2016)

*Non-recurring charges of €7.1 million in 2016 and €1.1 million in 2015

Group. Improved operational performance but high burden from interest charges and disc. operations

in € million	2016	2015
Sales revenue	769.8	789.5
EBITDA before non-recurring items	69.9	63.9
<i>EBIT before non-recurring items</i>	<i>20.7</i>	<i>13.7</i>
Non-recurring items (reversal of impairment and restructuring)	3.0	-6.8
EBIT	23.7	6.9
Net financing result	-50.9	-52.3
<i>Results from continuing operations before income taxes</i>	<i>-27.2</i>	<i>-45.4</i>
Income tax expense and non controlling interests	-6.8	-22.1
<i>Net result – continuing operations</i>	<i>-34.0</i>	<i>-67.5</i>
<i>Discontinued operations</i>	<i>-75.7</i>	<i>-225.8</i>
Consolidated net result attributable to the shareholders of the parent company	-111.7	-295.0

Free cash flow.

Improved but still negative

Continued operations in € million	2016	2015
Cash flow from operating activities	-16.2	-66.4
Capital expenditures in property, plant and equipment and intangible assets	-34.6	-44.4
Cash used in other investing activities*	2.7	11.5
Free cash flow	-48.1	-99.3

- Strong improvement in **cash flow from operating activities** (continued operations) due to better operational result and lower increase in working capital (prior year also included cash out from termination of USD hedges)
- Capex** as expected below last year and depreciation level – reflecting high level of investment in prior years as well as restrictive investment policy during 2016
- Free cash flow from discontinued operations** amounted to minus €32.9 million in 2016 (relating mainly to GE site closure Frankfurt-Griesheim) after minus €26.8 million in 2015 (relating mainly to sale of HITCO aerostructures and a tax settlement)

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

Balance sheet. Effect from negative free cash flow more than compensated by rights issue proceeds

in € million	31.12.2016	31.12.2015
Total assets	1,899.2	1,856.1
Equity ratio (in %)	17.5	15.6
Total liquidity	329.5	250.8
Net financial debt	449.4	534.2
Gearing (net debt/equity)	1.35	1.85

- **Further improvements in KPIs to come until beginning of 2018** as we close the GE sale, complete the CFL/CE sale and repay the €250 million corporate bond and the €240 million convertible bond
- **Liquidity at end 2016 more than sufficient** to cover expected operational cash outflow in 2017 – with expected proceeds of more than €200 million at closing of the GE sale we intend to **exercise our call on the corporate bond**. Remaining cash and proceeds from sale of CFL/CE will be more than sufficient to **meet the January 2018 maturity of the convertible bond issued in 2012**
- Early repayment of the corporate bond will make **a further €100 million available under the syndicated loan** which could be used for the repayment of the convertible bond (in case the CFL/CE sale is delayed)

Outlook

Business Unit outlook 2017.

Composites – Fibers & Materials (CFM)

- Slight increase in **sales**
 - Particularly driven by higher carbon fiber demand for **industrial applications**
 - Slight increase in sales also in market segments **automotive** and **textile fibers**
 - Partially to be offset by lower sales with **aerospace** market segment (high level of invoicing in US aerospace materials in prior year)
- **EBIT*** close to 2016 level (which included effect from high invoicing level in US aerospace materials): positive impact of higher capacity utilization to be offset by ramp up of Lightweight and Application Center for new developments in automotive and aerospace applications and higher depreciation resulting from conversion of precursor line

Graphite Materials & Systems (GMS)

- Slight increase in **sales**
 - Driven by market segments **LED, chemicals** and **industrial applications**
 - Market segment **solar** also to increase sales due to improved positioning and product portfolio (and despite subdued market outlook for 2017)
 - Very strong volume increase in market segment **battery and other energy**, partially offset by price adjustments
- Strong **EBIT*** improvement from higher capacity utilization and cost savings – getting very close, maybe even achieving our Group minimum $ROCE_{EBITDA}$ target of 15%

T&I and Corporate: Higher expenses due to non recurrence of positive one-time effects in prior year. Like-for-like flat development. Discontinuation of services to GE and CFL/CE to be compensated by CORE savings

Group outlook 2017.

Improvement in all major KPIs expected



- Full year **Group sales** to increase mid single digit in percentage terms
- **Group recurring EBITDA* and EBIT*** to increase more than proportionately to sales due to expected volume increase and initial CORE savings
- **Net result – continued operations** expected at a mid double digit million Euro loss
 - Prior year result included positive effect from sale of Evanston site
 - Higher interest expenses in 2017 relating to planned early redemption of corporate bond (acceleration fee)
- **Capex** to increase compared to prior year but at the most at D&A level
- **Discontinued operations** to improve significantly driven by
 - Operational improvement in CFL/CE
 - Tax impact related to PP carve out and restructuring charges in GE in prior year
 - Potential sale and closing of CFL/CE
- **Net debt** at end 2017 to be substantially reduced due to expected cash proceeds from sale of GE and potentially CFL/CE (depending on timing of transaction)

Update on PP disposal process.

- Status of closing proceedings of **GE sale to Showa Denko**
 - Antitrust approval received from respective authorities in Germany, Japan and Russia
 - Merger clearance process in US ongoing
 - Execution of step plan between signing and closing progressing as scheduled
 - We remain confident to close the transaction in mid 2017

- Status of **sales process of CFL/CE**
 - Teaser circulated in February
 - Mid double digit number of NDAs signed with interested parties
 - Detailed information package with confidential data to be distributed end of March
 - We expect a signing in second half of 2017

Strategic realignment of SGL Group.

2017: Focus on growth

- Achieve prerequisites for returning to **sustainable profitable growth**
 - Closing of sale of graphite electrode business to Showa Denko
 - Sale of cathode, furnace lining and carbon electrode business
 - Early repayment of corporate bond
- Implement **project CORE** to further **enhance profitability** and to **align and adapt the organization to the growth targets**
- Consistently **pursue and execute growth projects**
 - Support growth through targeted investments (e.g. capacity increase anode materials for lithium-ion batteries)
- Drive forward cultural change in the **new SGL Group**

Appendix

Global presence.

Continued operations

8 production sites North America

18 production sites Europe

7 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 March 31, 2017)	122,341,478
Free float	~ 45%

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 March 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 March 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

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Discontinued operations Performance Products

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

Discontinued operations.

Performance Products (PP)

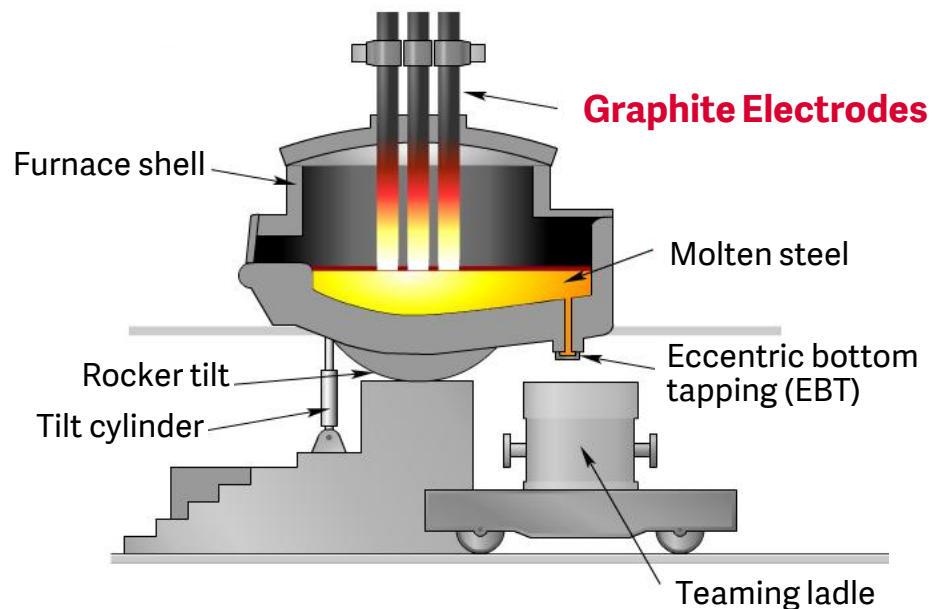
Activities	Key industries served	Characteristics
<ul style="list-style-type: none">▪ Graphite electrodes (agreement to sell to Showa Denko signed in 2016 – closing expected in mid 2017)▪ Cathodes, furnace linings and carbon electrodes (to be sold in 2017)	<ul style="list-style-type: none">▪ Steel▪ Aluminum▪ 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

Graphite Electrodes.

Essential consumable for electric steel production

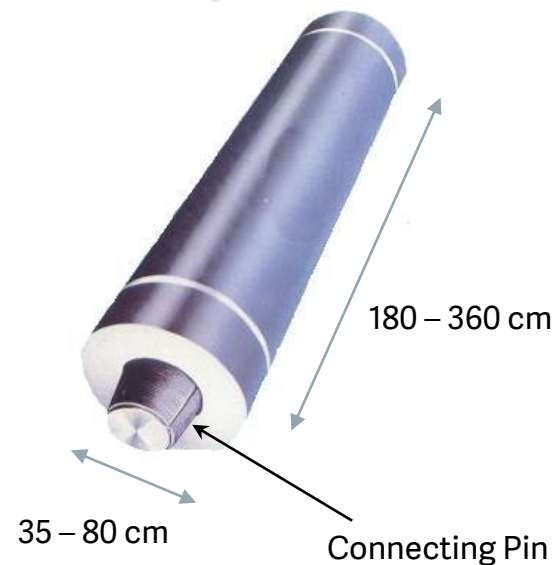
Steelmaking in an electric arc furnace (EAF)

Section view through EAF



Graphite electrode

Consumed after 5-8 hours

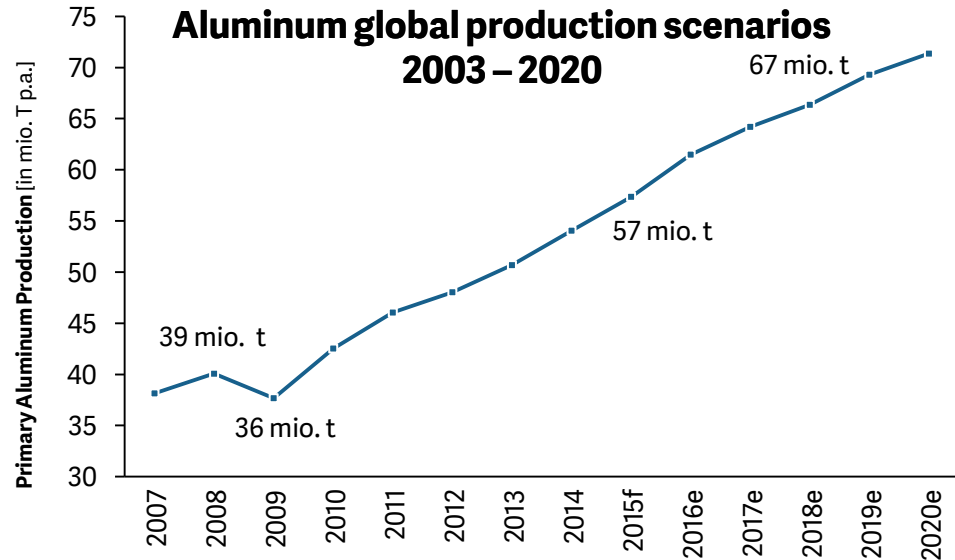


Source: steeluniversity.org

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

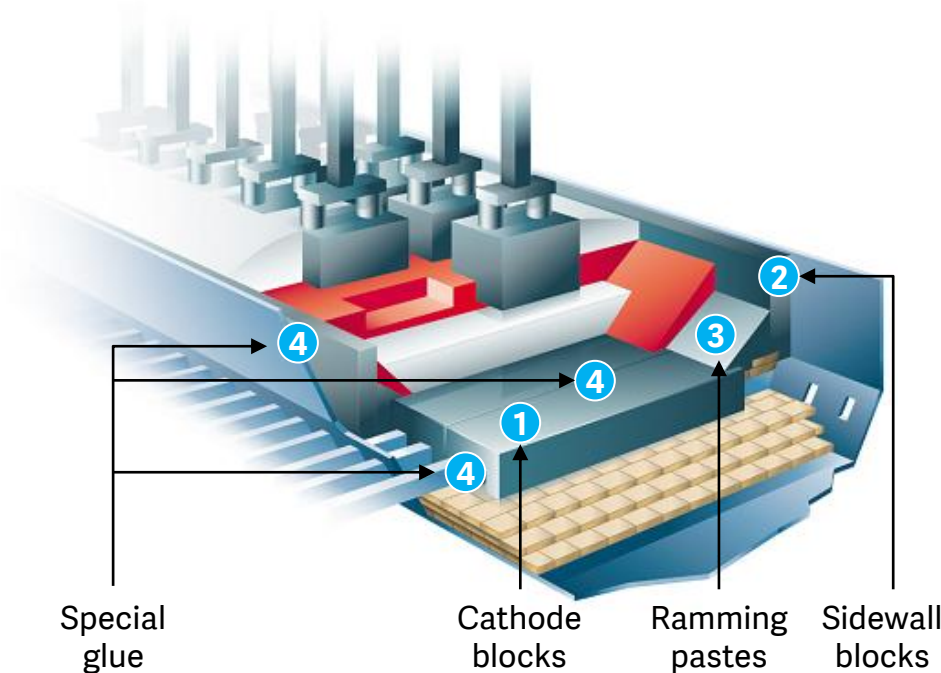


- Solid fundamentals for **aluminum production growth**
- **Various new projects** under construction, additional feasibility studies for capacity increases underway

Cathodes.

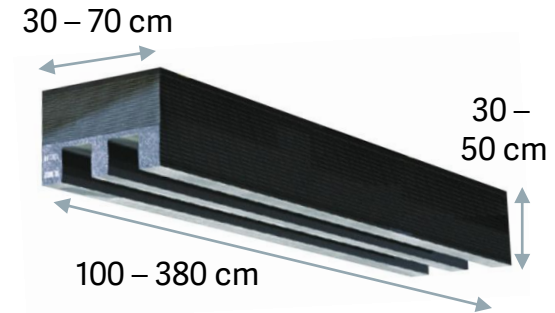
Investment good for the aluminum industry

Aluminum smelter



Cathodes

Investment good (lifetime 5-7 years)

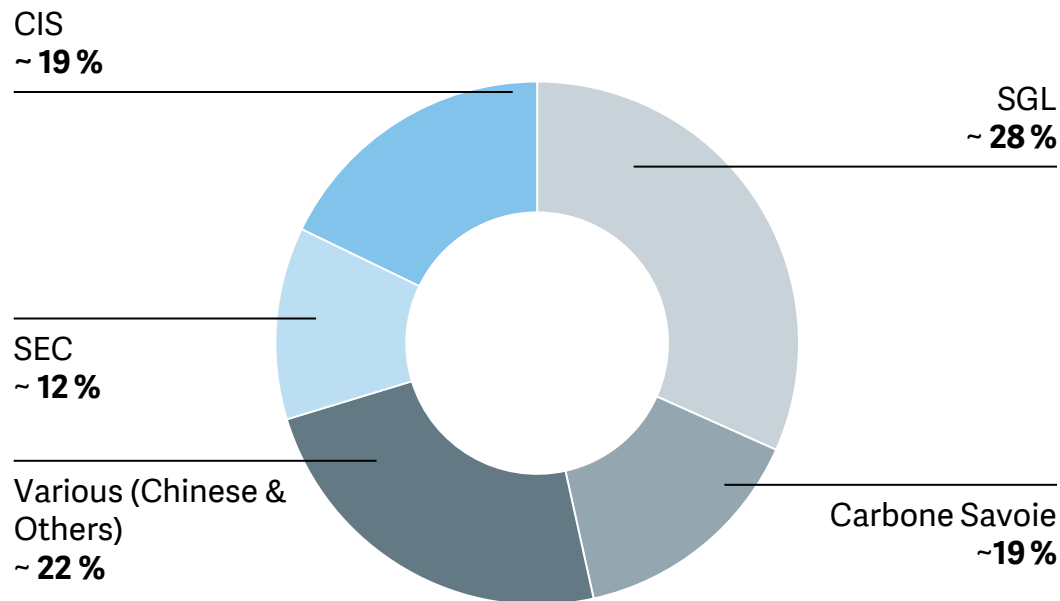


Cathodes.

Market shares in cathodes

- Increasing cathode demand due to growing aluminum market
- High level of plant utilization
- Prepared to supply all regional growth markets (incl. China)
- Balanced product portfolio enabling participation in all technological developments

Market shares in cathodes 2016

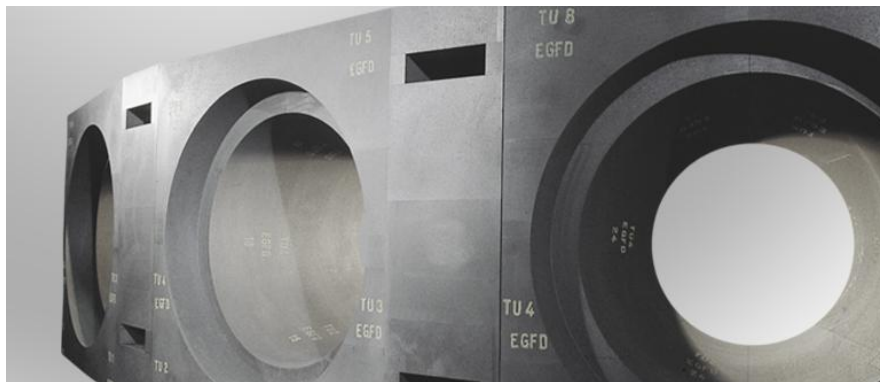


Source: SGL Group's own estimates, market shares based on volume (excl. China domestic)

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

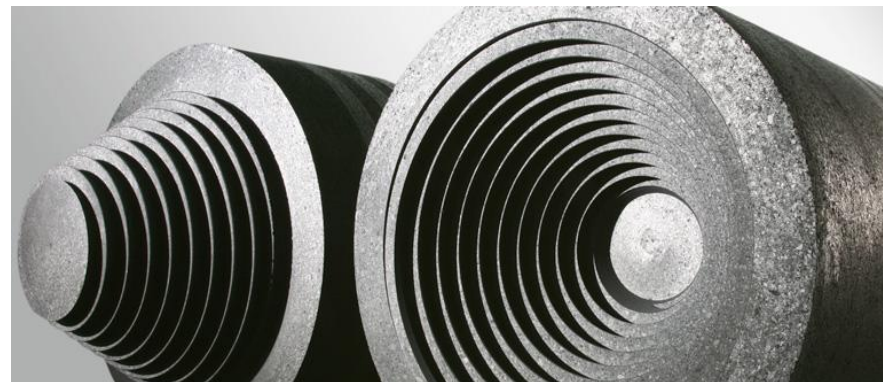
Furnace linings and carbon electrodes.

Provide cash flow for CFL/CE



Furnace linings

- Investment good (8-15 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.)
- Co-leading supplier of carbon electrodes with an estimated market share of > 20%

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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