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Investor & Analyst Conference Call

Wiesbaden
May 11, 2017

Agenda.

1. Review Q1/2017 - Dr. Jürgen Köhler
2. Financials Q1/2017
3. Outlook 2017

Review. Strong Q1/2017 result

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- Strong first quarter 2017 confirms execution of growth strategy and full year outlook as published in March 2017
- Group sales in Q1/2017 improved significantly by 15% to €216 million driven by market segments energy, digitization, industrial applications, and textile fibers
- Recurring Group EBIT improved more than proportionately to sales by 50% to nearly €10 million
- Free cash flow from continued operations improved to minus €32 million (Q1/2016: minus €48 million)
- First savings from Project CORE (COrporate REstructuring) harvested

Review. Highlights from the businesses

CFM

- Sale of Evanston closed April 3, 2017
- We presented at JEC World in Paris, the world's largest trade fair for composites
  - Showcased product and engineering portfolio of the Lightweight and Application Center (LAC)
  - Presented thermoset and thermoplastic material solution toolbox for automotive and aerospace construction, the wind energy sector, and other industrial applications
- We renewed our commitment for a further six years to endow the Chair of Carbon Composites (LCC) at the Technical University of Munich (TUM)
  - The chair serves as a bridge between fundamental research into carbon-fiber composite materials and their practical applications, especially in the automotive and aerospace engineering sectors

GMS

- Battery & other energy: earlier than expected capex expansion particularly in Morganton (North Carolina, USA) following strong demand growth in graphite anode materials
- Solar: shift from multi- to monocrystalline silicon drives demand for our isostatic graphite and graphite soft felt products
- Publicly funded research project "Redox Wind" developing Germany's largest stationary battery to store wind energy: only graphite producer delivering felts and bipolar plates as a "one-stop-shop"

Agenda.

1. Review Q1/2017
2. Financials Q1/2017 - Dr. Michael Majerus
3. Outlook 2017

Composites - Fibers & Materials. Strong sales growth partially raw material cost driven

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in € million	Q1/2017	Q1/2016
Sales revenue	93.6	82.3
EBITDA	13.3	12.7
$ROCE_{EBITDA}$ (in %)	10.6	10.7
EBIT	7.9	7.8
EBIT-Margin (in %)	8.4	9.5

- **Sales revenue** increased by 14% (no currency impact) due to
  - Higher sales in the market segments **industrial applications** (esp. carbon fibers for composites) and **textile fibers** (driven by higher oil based raw material prices with initial positive effect on selling prices)
  - Slightly higher sales in the market segments **automotive** and **wind energy**; sales in the market segment **aerospace** below high prior year level
- As expected, stable **EBIT** due to
  - Improved profitability esp. in market segment **industrial applications** due to higher utilization rates in our carbon fiber plants
  - Higher earnings in market segment **automotive** esp. as a result of higher profit contributions from our At-Equity investments Ceramic Brake Discs and Automotive Composites
  - Offset by
    - Lower earnings contributions from market segments **textile fibers** (time lag in fully passing over higher raw material costs) and **aerospace** (high base from last years higher invoicing in US materials business)
    - Higher expenses relating to the buildup of the **Lightweight and Application Center**

Graphite Materials & Systems. Stronger demand in nearly all market segments except chemicals

in € million	Q1/2017	Q1/2016
Sales revenue	121.4	103.0
EBITDA*	14.1	12.4
$ROCE_{EBITDA}$ (in %)	12.9	13.0
EBIT*	8.5	7.0
EBIT-Margin* (in %)	7.0	6.8

- **Sales revenue** up 18 % (currency adjusted 17%)
  - Higher demand for graphite anode materials for lithium ion battery industry in the market segment **battery & other energy**
  - Improved sales in the market segments **solar**, **semiconductor**, **LED** as well as in **industrial applications**
  - Partially offset by weaker business in the market segment **chemicals** which continues to be impacted by low capex spending in the chemical industry
- Recurring **EBIT** increased by 21%
  - Significantly higher result in the market segment **battery & other energy**
  - Higher earnings contributions also from the market segments **LED**, **automotive & transport, solar**, and **industrial applications**
  - Partially offset by lower earnings contributions from the market segment **chemicals** due to lower business volume

* Before non-recurring charges of €0.0 million in Q1/2017 and €0.2 million in Q1/2016

Corporate. Lower expenses driven primarily by cost savings from project CORE

in € million	Q1/2017	Q1/2016
Sales revenue	1.3	2.2
EBITDA*	-5.4	-6.7
EBIT*	-6.8	-8.4

- Recurring **EBIT** improved by 19% due to
  - Cost savings as a result of project CORE (COrporate REstructuring)

- The name of the former reporting segment T&I and Corporate was simplified to Corporate.

*before non-recurring charges of €0.6 million in Q1/2017 and plus €0.4 million in Q1/2016

Group. Improvement driven by GMS, Corporate and discontinued operations.

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in € million	Q1/2017	Q1/2016
Sales revenue	216.3	187.5
EBITDA before non-recurring charges	**22.0**	**18.4**
$ROCE_{EBITDA}$ (in %)	8.6	8.5
EBIT before non-recurring charges	**9.6**	**6.4**
Non-recurring charges	-0.6	0.2
EBIT	9.0	6.6
Net financing result	-14.1	-15.3
Results from continuing operations before income taxes	-5.1	-8.7
Income tax expense and non controlling interests	-1.7	-7.9
Result from discontinued operations, net of income taxes	6.5	-9.8
Consolidated net result attributable to shareholders of parent company	**-0.3**	**-26.4**

- **Net financing result** includes accelerated write off of remaining capitalized refinancing costs relating to the €250 million corporate bond with 2021 maturity because we intend to redeem early the corporate bond following the closing of the GE sale to Showa Denko
- Improvement in **income tax expense** mainly driven by non-recurrence of write off of deferred tax assets in prior year period
- **Discontinued operations** achieved turnaround due to operational improvement in CFL/CE and non-recurrence of tax impact related to PP carve out and restructuring charges in GE in prior year period; current operational performance of GE not reflected in P&L as provisions were made in 2016 for expected cash losses until closing following disposal agreement with Showa Denko

Free cash flow.
Still negative but improved

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in € million (continuing operations)	Q1/2017	Q1/2016
Cash flow from operating activities	-31.8	-45.1
Capital expenditures in property, plant and equipment and intangible assets	-4.9	-4.2
Cash flow from other investing activities*	5.2	1.2
Free cash flow	-31.5	-48.1
Free cash flow from discontinued operations	0.7	-10.8

- **Cash flow from operating activities** improved by more than €13 million due to the higher result from continuing operations before taxes and a VAT repayment received in Q1/2017
- **Free cash flow from discontinued operations** reached break even mainly driven by an improvement of operating cash flows of former business unit PP only partially offset by cash flow from investing activities and includes the final installment of €9 million of the negative purchase price to the buyer of HITCO's aerostructures activities

*Dividends received, payments 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. Positive impact from PP disposals yet to come

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in € million	31.03.2017	31.12.2016
Equity ratio (in %)	18.0	17.5
Total liquidity (incl. discontinued operations)	297.4	333.0
Net financial debt	482.5	449.4
Gearing (net debt/equity)	1.42	1.35

- **Equity ratio** improved slightly to 18% mainly due to positive FX translation effects resulting from the stronger Polish zloty
- **Liquidity at end of Q1/2017 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 €250 million 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 closes after the maturity date of the convertible bond)
- Higher **net financial debt** reflects mainly the reduced liquidity, resulting primarily from the buildup of working capital (decrease in trade payables and increase in trade receivables), and the final installment of €9 million of the negative purchase price to the buyer of HITCO's aerostructures activities

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Business Unit outlook 2017. CFM

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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 (higher level of invoicing in US aerospace materials in prior year)
  - Upside potential possible in **textile fiber** sales driven by oil based higher raw material costs – no EBIT impact
- **EBIT*** close to 2016 level
  - 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
  - As in prior year, the first quarter will be strongest in the course of the year (Q1/2017: high utilization rate will not continue over the course of the year; Q1/2016: effect from higher invoicing level in US aerospace materials)
- **Non-recurring effects**
  - Closure of Evanston sale on April 3, 2017 will lead to a negative earnings effect from attributable cumulative currency translation differences amounting to approx. €6 million as well as a cash inflow on book value level in the second quarter 2017

**"Slight" relates to variances up to 10%; "significant" relates to variances of more than 10%   *before non-recurring items

Business Unit outlook 2017. GMS and Corporate

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Graphite Materials & Systems (GMS)

- Slight** increase in **sales**
  - Growth in market segments **battery & other energy , LED**, **semiconductors,** and **industrial applications**
  - Market segment **solar** to significantly increase sales due to improved positioning and product portfolio (despite subdued market outlook for 2017)
  - Partially offset by market segment **chemicals** as capex in chemical industry expected to stay subdued
- Strong **EBIT*** improvement from higher capacity utilization and cost savings – getting very close, maybe even achieving our Group minimum $ROCE_{EBITDA}$ target of 15%

Corporate:

- Higher expenses due to non-recurrence of positive one-time effects in Q4 of prior year
- Like-for-like flat development - discontinuation of services to GE and CFL/CE to be compensated by CORE savings

**"Slight" relates to variances up to 10%; "significant" relates to variances of more than 10%   *before non-recurring items

Group outlook 2017.
Improvement in all major KPIs expected

- Full year **Group sales** to increase high 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 – continuing operations** close to prior year level at a mid double digit million Euro loss
  - Prior year result included positive effect from sale of Evanston site
  - Higher net financing result in 2017 relating to planned early redemption of corporate bond (write-off of capitalized refinancing costs and 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 (operational improvement in GE not reflected in P&L as expected cash losses already provisioned in 2016 at time of sale agreement to Showa Denko)
  - Non-recurrence of tax impact related to PP carve out and one-off effects in GE in prior year
- **Free cash flow** expected more or less break even in remaining 2017
- **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/closing)

**"Slight" relates to variances up to 10%; "significant" relates to variances of more than 10%

*before non-recurring items

Update on PP disposal process.

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- 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**
  - Detailed information package distributed to mid double digit number of interested parties
  - Low double digit number of indicative bids received until early May
  - Phase 2 of the divestment process* will be started soon with selected bidders
  - We continue to expect a signing in second half of 2017

*Includes management presentations, site visits and due diligence

Thank you for your attention!

Appendix

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.