Investor & Analyst Conference Call

Wiesbaden
November 6, 2018

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1 Results 9M/2018. Dr. Michael Majerus

2 Outlook 2018

Composites – Fibers & Materials.

9M/2018 positive operational development boosted by structural effects

Sales	EBIT[1]	EBIT[1]-margin	ROCE EBIT[1]
€323.9m	€20.9m	6.5%	4.6%
+28% vs PY	+22% vs PY	-30bps vs PY	-60bps vs PY

- As expected, **Q3/2018 sales** and **EBIT** below levels of prior two quarters due to seasonally lower capacity utilization as well as phase out of two projects at half year stage
- **Sales revenue in 9M/2018** increased by 28% (currency adjusted by 30%)
  - Positive structural effects (full consolidation of JVs with Benteler and BMW more than compensated for sale of SGL Kümpers)
  - Operationally, sales growth in **Aerospace** and **Automotive** more than compensated for lower customer demand from **Wind Energy** industry
- **Recurring EBIT in 9M/2018** increased by 22%
  - Supported by full consolidation of former SGL ACF and better demand in **Automotive**
  - Stable earnings in **Aerospace** and **Textile Fibers**
  - Partially offset by substantially lower earnings contribution from **Wind Energy** and **Industrial Applications**

[1] before non-recurring items of €18.1 million in 9M/2018 and minus €6.0 million in 9M/2017

Graphite Materials & Systems.

9M/2018 improvement driven by continued strong demand and IFRS 15 impacts

Sales	EBIT[1]	EBIT-margin[1]	ROCE $_{EBIT}$[1]
€436.8m — +15% vs PY	€59.5m — +59% vs PY	13.6% — +380bps vs PY	16.0% — +420bps vs PY

- **Q3/2018 sales** on level of prior quarter and thus slightly above our expectations as continued strong growth in **Digitization** offset seasonal weakness in **Industrial Applications; Q3/2018 recurring EBIT** below level of strong prior quarter only due to higher bonus provisions resulting from substantially better business performance compared to plan
- **Sales revenue in 9M/2018** (including IFRS 15 effects) up 15% (currency adjusted by 17%)
  - Double digit growth in **Battery & other Energy, LED**, **Semiconductors**, **Automotive & Transport** and **Chemicals**
  - Slightly higher demand in **Industrial Applications;** limited sales to the **Solar** market segment to prioritize sales to **Semiconductors** and **LED**
  - Adjusted for IFRS 15 and FX, sales in GMS grew by approx. 11% (approx. 10% at H1/2018)
- Recurring **EBIT in 9M/2018** increased substantially more than proportionately to sales by 59% due to improvements in nearly all market segments and successful implementation of price increase initiatives (IFRS 15 effects of €14.7 million)

[1] before non-recurring items of €0.6 million in 9M/2018 and €1.0 million in 9M/2017

Corporate.

Higher expenses in 9M/2018 more than compensated by land sale in Canada

Sales		EBIT[1]	
€25.6m	**>100%** vs PY	**€-21.2m**	**+2%** vs PY

- Higher **sales revenue** resulting primarily from services to former business unit Performance Products (PP) sold in Q4/2017 and thus reported as third party sales
- Recurring **EBIT** improved slightly by €0.5 million due to €3.9 million gain from a land sale in Canada, which more than compensated for
  - Costs for the implementation of the Operations Management System (OMS)
  - End of cost pass through to former PP activities, which were sold in 2017
  - Central Innovation expenses remained flat at €6.1 million

[1] before non-recurring items of €1.8 million in 9M/2018

Group.

Improvement driven by better operations, M&A and high positive one-time effects

Sales	EBIT[1]	Financial result	Net result
€786.3m	€59.2m	€-21.3m	€47.7m
+23% vs PY	+79% vs PY	+45% vs PY	>100% vs PY

- **EBIT before** non-recurring items grew by 79% to €59.2 million
  - Acquisition-driven higher earnings contribution from CFM
  - Substantially improved earnings in GMS (including an impact of €14.7 million from IFRS 15)
- **Non-recurring items** predominantly relate to accounting effects relating to the purchase of remaining shares in former JVs with BMW and Benteler
- **Net financing result** nearly halved due to the repayment of the corporate bond and the convertible bond 2012/2018

[1] before non-recurring items of €20.5 million in 9M/2018 and minus €5.0 million in 9M/2017

Cash flow.

9M/2018 improvement in operation cash flow offset by M&A and higher capex

Operating Cash Flow	Capex	Free Cash Flow cont.	Free Cash Flow disc.
€7.6m	€38.7m	€-39.9m	€58.6m
>100% vs PY	+28% vs PY	-7% vs PY	>100% vs PY

- **Cash flow from operating activities** improved significantly by €34.8 million due to better operating result and lower increase in working capital
- **However, free cash flow** declined slightly following higher **cash outflow from investing activities mainly** due to
  - Cash outflow of €23.1 million for the payment for the remaining interest in SGL ACF Germany only slightly offset by proceeds from the disposal of our stake in SGL Kümpers (€3.4 million) and a land sale in Canada (€3.9 million)
  - Prior year cash flow from investing activities benefited from the disposal of the Evanston site and land in Malaysia (together €21.7 million)
  - Higher capex of €38.7 million compared to prior year (€30.3 million)
- **Free cash flow from discontinued operations** included cash inflow from the final outstanding payments for the sale of former PP activities

Balance sheet.

Sept. 30, 2018 financial ratios within targets even after acquisition driven higher debt

Equity ratio	Net financial debt	Gearing	Leverage ratio
33.6% (+400bps vs YE 2017)	€220.9m (+59% vs YE 2017)	0.41 (+37% vs YE 2017)	1.7 (+14% vs YE 2017)

- **Equity ratio** improved by 400bps mainly due to positive net result of the period of €47.7 million as well as
  - Adoption of IFRS 15 and IFRS 9 on transition date January 1, 2018 amounting to €13.8 million
  - Contribution from the IFRS equity component of the new convertible bond of €13.7 million
  - Positive effect from adoption of higher interest rates on pension liabilities only slightly offset by the adjustment of mortality tables in Germany, leading to a positive impact of €12.9 million in total
- **Total liquidity** decreased mainly due to the repayment of the convertible bond in January 2018 (€239.2 million) and a portion of the SGL Composites debt (€67.5 million) which was only partially compensated by the issue of the new convertible bond (€159.3 million)
- Higher **net financial debt** primarily reflects initial consolidation of the proportional debt relating to the full consolidation of former SGL ACF amounting to €92.2 million

1 Results 9M/2018

2 Outlook 2018. Dr. Jürgen Köhler

Outlook 2018.
Reporting Segment CFM

CFM

Sales	EBIT[1]
~ +25% vs PY	**Stable** vs. PY
Guidance unchanged Adjusted for FX and structural effects, mid to high single digit growth rate	Previous guidance: EBIT[1] may only increase slightly Greater weakness in wind energy, textile fibers and industrial applications offsetting higher earnings contributions from M&A and improved earnings in Automotive and Aerospace

[1] before non-recurring items

Outlook 2018.

Reporting Segments GMS and Corporate

GMS		Corporate
Sales	EBIT[1]	EBIT[1]
~ +10% vs PY	**Strongly outpacing sales growth**	**Slight deterioration** vs. PY
Guidance slightly increased	Guidance implicitly slightly increased due to now higher sales expectations	Guidance unchanged
Slight increase in sales now translates into FX adjusted growth of approx. 10% (prev. mid/high single digit % growth)	Driven by strong demand and successful price increase initiatives	
Plus: low double digit million € impact from IFRS 15	Plus: positive high single/low double digit million € IFRS 15 impact (prev. mid/high single digit million €)	

[1] before non-recurring items

Outlook 2018.
Group

Sales	EBIT[1]	Net profit	Capex
Approx. +15% vs PY to reach €1 bn	**Slightly outpacing sales growth**	**Mid double digit m € amount**	**Approx. €80m** vs. €53m in PY
Previous guidance: approx. +10% Adjusted for FX and structural effects, high single digit growth rate (prev.: mid/high single digit) On top: low double digit million € IFRS 15 impact (prev.: single digit)	Implicit guidance increase based on now higher expected sales Slightly weaker than anticipated performance in CFM to be more than compensated by better performance in GMS Higher IFRS 15 contributions	Previous guidance: low to mid double digit million € amount Guidance increase based on better than expected EBIT and higher than anticipated IFRS 15 impact	Previous guidance: approx. €20 million above level of depreciation of €65 million

[1] before non-recurring items

Outlook 2018.
Group

We expect to continue to meet our financial targets even with acquisition-driven higher net debt

Net debt	Equity ratio	Gearing	Leverage ratio
Substantially higher vs PY	**>30%**	**Max. 0.5**	**Max. 2.5**

Guidance unchanged

Thank you for your attention !

Appendix:
Latest results & outlook in detail

Composites – Fibers & Materials.

in € million	9M/2018	9M/2017
Sales revenue	323.9	253.9
EBITDA[1]	45.8	32.8
EBIT[1]	20.9	17.2
EBIT-Margin[1] (in %)	6.5	6.8
$ROCE_{EBIT}$ (in %)	4.6	5.2

- **Sales revenue** increased by 28% (currency adjusted by 30%)
  - Primarily due to structural effects in the market segment **Automotive** resulting from the initial consolidation of the former at-equity accounted JV Benteler SGL as well as the full consolidation of the former partially consolidated JV SGL ACF
  - After the sale of our share in SGL Kümpers, the market segment **Wind Energy** now only includes lower sales of carbon fibers to the wind energy industry
  - Higher sales in the market segments **Automotive** and **Aerospace**
  - Sales in the market segments **Textile Fibers** and **Industrial Applications** on prior year level
- Recurring **EBIT** increased by 22%
  - Highest earnings growth in the market segment **Automotive**, particularly due to the full consolidation of former SGL ACF
  - Partially offset by significantly lower earnings contribution from **Wind** and **Industrial Applications**
  - Earnings in market segments **Aerospace** and **Textile Fibers** on prior year level

[1] before non-recurring items of €18.1 million in 9M/2018 and minus €6.0 million in 9M/2017

Graphite Materials & Systems.

in € million	9M/2018	9M/2017
Sales revenue	436.8	381.5
EBITDA[1]	76.5	54.4
EBIT[1]	59.5	37.5
EBIT-Margin[1] (in %)	13.6	9.8
$ROCE_{EBIT}$ (in %)	16.0	11.8

- **Sales revenue** (including IFRS 15 effects) up 15 % (currency adjusted by 17%)
  - Double digit growth in **Battery & other Energy, LED**, **Semiconductors**, **Automotive & Transport** and **Chemicals**
  - Slightly higher demand in **Industrial Applications;** limited sales to the **Solar** market segment to prioritize sales to **Semiconductors** and **LED**
  - Adjusted for IFRS 15 and FX, sales in GMS grew by approx. 11% (approx. 10% at H1/2018)
- Recurring **EBIT in 9M/2018** increased substantially more than proportionately to sales by 59% due to improvements in nearly all market segments and successful implementation of price increase initiatives (IFRS 15 effects of €14.7 million)

[1] before non-recurring items of €0.6 million in 9M/2018 and €1.0 million in 9M/2017

Corporate.

in € million	9M/2018	9M/2017
Sales revenue	25.6	6.7
EBITDA[1]	-16.6	-17.1
EBIT[1]	-21.2	-21.7

- **Sales revenue** improved significantly due to the disposal of our former PP activities. Services to PP now recorded as sales to third parties
- Recurring **EBIT** remained nearly stable due to the earnings contributions of approx. €4 million from a land sale in Canada, which more than compensated for
  - Costs for the implementation of the Operations Management System (OMS)
  - End of cost pass through to former PP activities, which were sold in 2017
  - **Central Innovation** expenses remained stable at €6.1 million

[1] before non-recurring items of €1.8 million in 9M/2018

Group.

in € million	9M/2018	9M/2017
Sales revenue	786.3	642.1
EBITDA before non-recurring items	**105.7**	**70.1**
EBIT before non-recurring items	**59.2**	**33.0**
$ROCE_{EBIT}$ (in %)	6.1	4.8
Non-recurring items	20.5	-5.0
EBIT	79.7	28.0
Net financing result	-21.3	-38.6
Results from continuing operations before income taxes	58.4	-10.6
Income tax expense and non controlling interests	-6.7	-9.6
Result from discontinued operations, net of income taxes	-4.0	25.5
Consolidated net result attributable to shareholders of parent company	**47.7**	**5.3**

- **EBIT before** non-recurring items increased by 79% to €59.2 million due to acquisition-driven higher results in CFM and improved earnings in the business unit GMS
- **Non-recurring items** predominantly relate to ppa effects relating to the purchase of remaining shares in former JVs with BMW and Benteler
- **Net financing result** improved significantly due to the repayment of the corporate bond and the convertible bond 2012/2018

Free cash flow.

in € million (continuing operations)	9M/2018	9M/2017
Cash flow from operating activities	7.6	-27.2
• Capital expenditures in property, plant, equipment and intangible assets	-38.7	-30.3
• Cash flow from other investing activities[1]	-8.8	20.1
Cash flow from investing activities	-47.5	-10.2
Free cash flow	-39.9	-37.4
Free cash flow from discontinued operations	58.6	4.1

- **Cash flow from operating activities** improved significantly mainly due to the improved result from continuing operations and lower build-up of working capital
- Higher **cash outflow from investing activities** due to
  - Cash outflow for the payment for the remaining interest in SGL ACF Germany of €23.1 million
  - Higher capex compared to prior year
- **Free cash flow from discontinued operations** contained cash inflow from the final outstanding payments for the sale of former PP activities

[1] dividends received, payments for capital contributions in investments accounted for At-Equity and other financial assets, payments for acquiring remaining stakes in our joint ventures, proceeds from sale of intangible assets and property, plant and equipment

Balance sheet.

in € million	30.09.2018	31.12.2017
Equity ratio (in %)	33.6	29.6
Total liquidity (incl. discontinued operations in 2017)	247.4	382.9
Net financial debt	220.9	139.0
Gearing (net debt/equity)	0.41	0.30
Leverage ratio (net debt/EBITDA)	1.7	1.5

- **Equity ratio** improved by 400bps mainly due to positive net result of the period of €47.7 million as well as
  - Adoption of IFRS 15 and IFRS 9 on transition date January 1, 2018 amounting to €13.8 million
  - Contribution from the IFRS equity component of the new convertible bond of €13.7 million
  - Adoption of higher interest rates on pension liabilities led to a positive impact of €12.9 million
- **Total liquidity** decreased mainly as a result of the repayment of the convertible bond in January 2018 (€239.2 million) and the repayment of a portion of the debt of SGL Composites (€67.5 million) which more than offset the cash inflow from the new convertible bond 2018/2023 (€159.3 million)
- Higher **net financial debt** reflects initial consolidation of the proportional debt relating to the full consolidation of SGL Composites amounting to €92.2 million

Reporting segment outlook 2018.
CFM

Composites – Fibers & Materials (CFM)

- Substantial **increase** in **sales by approx. 25%** expected
  - Mainly driven by acquisition of former joint ventures with BMW and Benteler
  - Accordingly sales in market segment **Automotive** expected to more than double, while sales with the **Wind Energy** industry should decline by more than half due to the sale of SGL Kümpers and lower customer demand
  - Sales to market segment **Aerospace** expected to increase slightly
  - Sales to market segments **Industrial Applications** and **Textile Fibers** expected on prior year level
  - Like-for-like (i.e. excluding currency and M&A effects) **mid-to-high single digit growth** rate expected
  - No material impact expected from initial IFRS 15 adoption
- **Recurring EBIT** expected to remain at previous year level
  - As cautioned in our H1 report due to weaker than previously anticipated operating performance in the market segments **Wind Energy, Textile Fibers** and **Industrial Applications**
  - Positive impact from full consolidation of former joint venture with BMW and higher volumes
  - Partially offset by negative currency effects and higher development expenses
  - No material impact from initial IFRS 15 adoption
  - Highest quarterly earnings of this fiscal year achieved in the first quarter 2018 due to the high capacity utilization as well as high shipments for particular projects

Reporting segment outlook 2018.
GMS and Corporate

Graphite Materials & Systems (GMS)

- Slight increase in **sales** expected – corresponding now to currency adjusted growth of approx. **10%**
  - Driven by market segments **LED**, **Automotive & Transport** as well as **Semiconductor**
  - **Industrial Applications** and **Chemicals** expected to show slight increases in sales
  - Sales in the market segment **Solar** limited as we prioritize sales to market segments **LED** and **Semiconductor**
  - Strong volume increase in market segment **Battery & other Energy.** In combination with successful pricing initiatives, we expect an increase in sales despite negative currency effects
  - Low double digit million Euro positive impact from the initial adoption of IFRS 15
- **Recurring EBIT** improvement expected to substantially outpace higher expected sales growth
  - High single digit to low double digit million Euro positive impact from the initial adoption of IFRS 15
- Group **$ROCE_{EBIT}$** target of 9-10% should again be exceeded in this business unit and improvement over prior year expected

Corporate

- Slightly higher expenses due to
  - General cost increases (esp. wage increases)
  - Higher consulting fees (OMS, new data protection directive)
  - Partly offset by one-off income from a land sale in Canada recorded in Q1/2018

Group outlook 2018.

- Full year **Group sales** expected to increase by approx. 15%, corresponding now to a like-for-like (i.e. excluding currency and M&A effects) **high single digit growth** rate. In addition, we anticipate a low double digit million € positive impact on Group sales from the initial adoption of IFRS 15
- **Group recurring EBIT** expected to increase at a slightly faster pace than the now higher expected sales due to
  - Volume increases and successful implementation of pricing initiatives
  - Additional earnings contribution from the full consolidation of the former joint venture with BMW
  - Cost savings
  - Partially offset by adverse effects from personnel and raw material cost, and foreign currency developments
  - In addition, we anticipate a high single to low double digit million € positive impact from the initial adoption of IFRS 15
- **Net result – continued operations** expected to improve to a mid double digit € million amount due to
  - Improved operating profit (including higher IFRS impacts)
  - Lower interest expenses due to early redemption of corporate bond in October 2017 and repayment of convertible bond at maturity in January 2018 – partially offset by higher interest expenses relating to full consolidation of net debt of former JV with BMW
  - Impact from positive non-recurring effects in Q1/2018

Group outlook 2018.

- **Capex** to increase compared to prior year to approx. €80 million i.e. €15 million above level of depreciation
  - Level of depreciation increases to €65 million (before PPA) due to full consolidation of former joint ventures
- **Total free cash flow** expected to reach a “black zero”
  - **Free cash flow – continued operations** expected to improve significantly but remain negative in mid double digit range mainly due to higher capex level and cash outflow for the acquisition of the Wackersdorf site in the former joint venture with BMW
  - **Free cash flow – discontinued operations** expected to reach positive mid double digit range due to payment of final instalments of purchase price for disposal of GE and CFL/CE
- **Net debt** at end 2018 to substantially increase due to the full consolidation of former joint venture with BMW
- **Balance sheet targets** expected to continue to be met - **equity ratio** at or above 30%, **gearing** at or below 0.5 and **leverage ratio** at or below 2.5

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 related to SGL Group’s cost savings programs. 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 may have on SGL Group’s financial condition and results of operations 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.