Investor & Analyst Conference Call

Wiesbaden
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1 Results 9M/2020

2 Outlook 2020

Composites – Fibers & Materials. Benefited from strong wind energy business and earnings improvement measures

in € million	9M/2020	9M/2019	Δ
Sales revenue	283.4	328.6	-14%
EBITDA[1]	32.0	24.1	33%
EBIT[1]	10.6	-1.8	-
EBIT[1]-Margin (in %)	3.7	-0.5	-
$ROCE_{EBIT}$[1] (in %)	0.7	-0.3	-

- Q3/2020 recovered from Covid-19 pandemic weakened Q2/2020 with EBIT turning substantially positive
- **Sales revenue** in 9M/2020 down 14% (no currency impact)
  - Strongest % decline as expected in market segment **Textile Fibers** due to idling of two acrylic fiber lines and conversion of one acrylic fiber line to precursor (part of earnings improvement measures initiated at the end of 2019)
  - Corona-related negative developments in market segments **Automotive** and **Industrial Applications**
  - Sales in **Wind Energy** increased by more than 60% – stronger growth than initially expected
  - **Aerospace** remained relatively stable on a low level
- **EBIT**[1] in 9M/2020 increased substantially from low level in 9M/2019
  - Substantially improved results in **Wind Energy** business as well as implement **earnings improvement measures** only slightly offset by weaker **Automotive** business and approximately €4 million lower earnings contribution from At-Equity accounted investments
- Accordingly, **ROCE** turned positive

[1]Before non-recurring items of minus €7.6m in 9M/2020 and minus €81.0m in 9M/2019

Graphite Materials & Systems. Increased Covid-19 impact in Q3/2020 due to late-cyclical nature of business

in € million	9M/2020	9M/2019[1]	Δ
Sales revenue	373.1	480.1	-22%
EBITDA	59.1	94.8	-38%
EBIT	35.4	74.5	-52%
EBIT-Margin (in %)	9.5	15.5	-
$ROCE_{EBIT}$ (in %)	8.7	17.5	-

- Increasing impact from Covid-19 pandemic in Q3/2020 – sales down by 25% YoY, EBIT down by 55% YoY
- **Sales revenue** in 9M/2020 down 22% (no material currency impact)
  - All market segments declined compared to prior year period except **Semiconductors**, which grew by a low double-digit percentage
  - Related to expected lower demand in Battery & other Energy due to changes in supply chain of our customer as well as pandemic-driven lower business volumes in most market segments
- **EBIT** in 9M/2020 decreased by 52% from record level in prior year
  - IFRS 15 effect alone contributed roughly €10 million to earnings decline
  - In line with sales revenue, almost all markets segments recorded lower earnings compared to prior year period
  - Only market segments **Semiconductor** and **Automotive & Transport** remained stable and close to prior year level

[1]Adjusted to reflect the reclassification of the business with gas diffusion layers from Corporate

Corporate. Sales and EBIT benefited from compensation agreement with Showa Denko

in € million	9M/2020	9M/2019[1]	Δ
Sales revenue	27.0	23.7	14%
- of which Central Innovation	*1.1*	*0.7*	*57%*
EBITDA	-5.1	-11.7	56%
Recurring EBIT[2]	-12.1	-18.5	35%
EBIT (reported)	-13.6	-18.5	27%
- of which Central Innovation	*-7.2*	*-7.5*	*4%*
Operating recurring EBIT[3]	*-20.6*	*-18.5*	*-11%*

- In July 2020, SGL and Showa Denko (SDK) mutually agreed to prematurely terminate all contractual relationships between the two parties against a low double-digit million € compensation payment from SDK. An amount of €8.5 million of the compensation related to the early termination of rental and service contracts and was recorded as positive one-time effects in **sales revenue** and **recurring EBIT** in Q3/2020
- **Sales revenue** increased by 14% (no currency effect), **recurring EBIT** by approximately 35% due to above-mentioned agreement with SDK
- **Operating recurring EBIT** remained 11% below prior year level as expected due to higher consultancy costs and lower services provided to divested business units (former Business Unit Performance Products resp. PP)

[1]Adjusted to reflect the reclassification of the business with gas diffusion layers to the reporting segment GMS
[2]EBIT before non-recurring items of minus €1.5m in 9M/2020
[3]EBIT before positive one-time effects of €8.5m and non-recurring items of minus €1.5m in 9M/2020

Group P&L. Despite improved net financial result, significant recurring EBIT decline leads to slight loss in net result

in € million	9M/2020	9M/2019	Δ
Sales revenue	683.5	832.4	-18%
EBITDA before non-recurring items	**86.0**	**107.2**	**-20%**
EBIT before non-recurring items	**33.9**	**54.2**	**-38%**
$ROCE_{EBIT}$ (in %)	*2.3*	*4.7*	-
Non-recurring items/Impairment charge	-9.1	-81.0	-89%
EBIT	24.8	-26.8	-
Net financial result	-23.4	-32.6	28%
Profit/loss before tax	1.4	-59.4	-
Income tax expense, non controlling interests, results from discontinued activities	-5.3	-15.1	65%
Consolidated net result attributable to shareholders of parent company	**-3.9**	**-74.5**	**95%**
Operating EBIT before non-recurring items	25.4	54.2	-53%

- Drivers of **Group sales revenue, recurring EBIT, and operating recurring EBIT** development described on prior pages
- **Net financial result** improved due to
  - Absence of interest expenses for 2015/2020 convertible bond (still included in previous year)
  - Lower interest expenses for pensions in current year
  - Negative one-time impact of €6.3m from early repurchase of 2015/2020 convertible bond in Q3/2019
- **Net result** of prior year included impairment loss. Net result in reporting period improved but still slightly negative due to significant decline in recurring EBIT

Group balance sheet. Improved liquidity and solid financial ratios as of September 30, 2020

in € million	30.09.2020	31.12.2019
Equity ratio (in %)	25.6	27.8
Total liquidity	166.8	137.1
Net financial debt	262.4	288.5
Gearing (net debt/equity)	0.71	0.69
Leverage ratio (net debt/EBITDA)	2.66	2.40

- **Equity ratio** declined slightly mainly due to lower pension discount rate environment in Germany and USA
- Increased **liquidity** to nearly €167m at end of 9M/2020 compared to approx. €137m at year-end 2019
  - Despite substantial adverse pandemic-related effects in operations and business development particularly in CFM in Q2 and GMS in Q3, liquidity further increased during ytd 2020
- Improvement in **net financial debt** primarily attributable to positive free cash flow from continuing operations of €43.7m
  - Slightly offset by repayments for lease liabilities of €13.5m and payments for discontinued operations of €2.0m

Group cash flow. Positive free cash flow due to effective working capital management and lower capex

in € million (continuing operations)	**9M/2020**	**9M/2019**
Cash flow from operating activities	68.8	29.9
Cash flow from investing activities	-25.1	-39.5
• *Capital expenditures in property, plant, equipment and intangible assets*	-33.2	-50.7
• *Cash flow from other investing activities*[1]	8.1	11.2
Free cash flow	43.7	-9.6
Free cash flow from discontinued operations	*-2.0*	*-9.8*

- **Cash flow from operating activities** improved significantly to €68.8m from €29.9m despite lower earnings primarily due to improved net working capital management
- **Free cash flow from continuing operations** also improved significantly to €43.7m from minus €9.6m in prior year
  - Substantial improvement in operating cash flow
  - Significantly lower capex (-35%) as we push back some expenditures to preserve liquidity in current uncertain environment
- **Free cash flow from discontinued operations** also improved significantly and included a tax payment for prior years for former business unit PP
  - Prior year included cash outflow relating to final settlement payments to buyer of HITCO Aerostructures

[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

Restructuring expenses and impairment loss in Q4/2020. Recap

Restructuring expenses:

- Total **restructuring costs** of approx. €40m of which slightly more than half to be recorded in Q4/2020

Impairment loss in reporting segment CFM**:**

- **Non-cash impairment charge** of €80-100m to be recorded in non-recurring items in Q4/2020
  - As a result of current status of new 5 year plan showing prospects for certain markets changed considerably
- **Automotive:**
  - Industry on the whole challenged – new drives, new competitors, increased pressure from legislation
  - Automotive customer reduced focus on lightweight construction
  - Carbon fiber composites adoption in automotive slower and lower than initially planned (Moses Lake CF capacity was built for the i3, a car that has the entire chassis made of CFRP)
- **Aerospace:**
  - Particularly civil aviation is extensively affected by ongoing Corona related travel restrictions
  - Recovery to 2019 levels not expected before 2024/2025, considerably depressing new built rates in airplanes
- **Wind Energy:**
  - Strong growth in market and for SGL large-tow carbon fiber
  - Lower margin expectations compared to automotive and aerospace

1 Results 9M/2020

2 Outlook 2020

Reporting segment outlook FY2020.
CFM

- **Sales revenues** to decline by approximately 10%
  - Cost saving capacity adjustments (conversion of one line to precursor for carbon fiber production and idling of two lines) in **Textile Fibers** and Covid-19-driven demand decline from **Automotive**
  - Partially compensated by strong demand increase in market segment **Wind Energy**

- **Recurring EBIT** to improve to a slightly positive result
  - Negative earnings effects of pandemic-driven lower sales revenues mitigated with personnel measures such as short-time work as well as various spending reductions and postponements
  - Earnings improvement measures implemented in **Textile Fibers** in H2/2019
  - Price increases in **Wind Energy** business implemented early 2020

Reporting segment outlook FY2020.
GMS and Corporate

GMS

- **Sales revenues** to decline by approx. 20% due to weaker demand in all market segments with exception of **Semiconductors**, which is expected to grow slightly
- **Recurring EBIT** expected to decline by at least 50% YoY
  - Due to reduced sales revenue expectations as described above and resulting substantially lower capacity utilization

Corporate

- Expected substantial deterioration in **operating recurring EBIT** can mainly be attributed to
  - Expected higher consulting costs in the reporting period
  - Prior year benefiting from one-time gains from services provided to the buyer of the former PP-activities

Group outlook FY 2020. Net result guidance adjusted for impairment charge and restructuring provisions

- Unchanged: Full year **Group sales revenues** to decline by 15-20% YoY; full year **operating Group recurring EBIT** expected to be slightly positive
- **Group recurring EBIT** positively impacted by one-time effects of €8.5m in Q3/2020 from SDK compensation payment
- Due to restructuring provisions and impairment charges, which will be recorded in the fourth quarter 2020, **net result from continuing operations** is below our prior guidance (improvement to a negative low double-digit million € amount) and below the prior year result of minus €90m. We now expect net result of minus €130m to €150m
- **Capex** guidance unchanged at approx. €60m
- Unchanged: **Net debt** at YE 2020 to increase by a mid double-digit m€ amount due mainly to the payment of the purchase price for SGL Composites USA (USD 62 million)
  - Significantly lower operating result compensated by above mentioned executed additional funding measures
- Given solid liquidity position at end Sept. 2020 (€167m) plus additional cash inflow in Q4/2020, **liquidity** position remains comfortable despite planned purchase price payment in Q4/2020 and upcoming restructuring expenses
- In addition, we continue to have access to the **syndicated loan** of €175m, which remains undrawn

Restructuring program resolved. Recap

New operating model

New organization and management

Clear responsibilities

Rigorous consequence management

Incentives to be aligned to cash generation

Safeguarding selective growth options

Improve performance

>€100m earnings improvement measures[1] from 2023 onwards

>500 individual measures identified

>500 reduction in FTE[1]

1 Compared to base year 2019

Focus now on performance, later on profitable growth. Recap

Short term

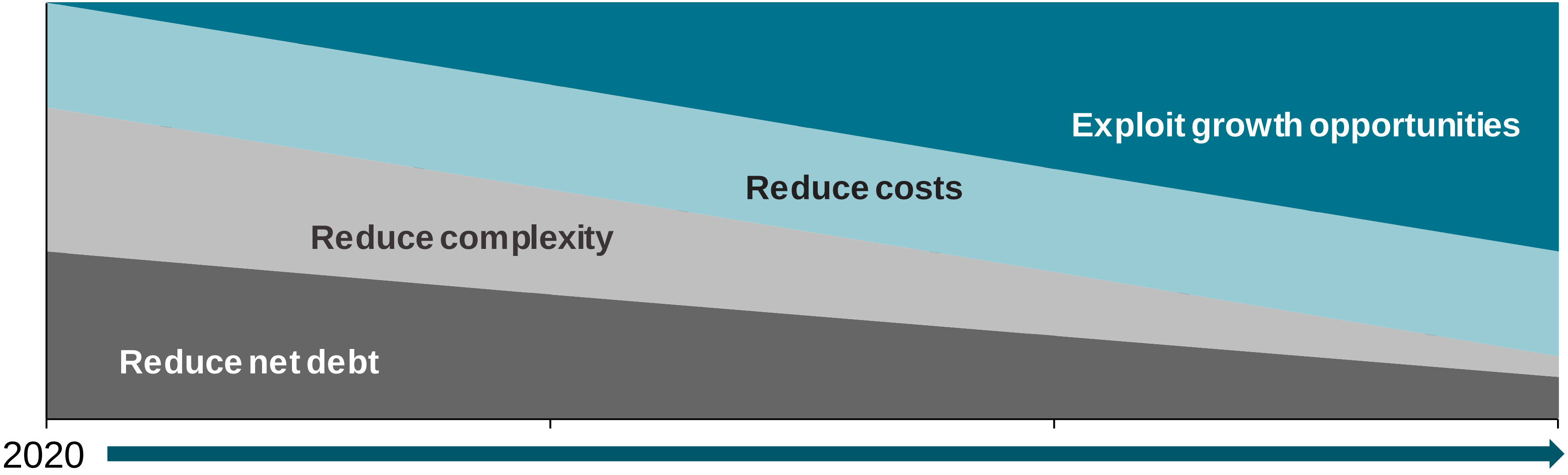
- Secure financial headroom
- Stabilize operational performance

Mid term

- Achieve satisfactory net debt level
- Selective investments

Long term

- Step up investments in market opportunities



Q & A

Backup

Sustainability at SGL Carbon. As a technology-based company, we are aware of our environmental and social responsibility

E Environmental

- **Energy management system** ISO 50001-certified from **DQS** and **DEKRA** (incl. the non-European sites Moses Lake, Gardena and Arkadelphia)
- **Electricity from renewable sources** in particular at the sites Moses Lake, Wackersdorf and Inn-Kreis
- Stringent **resource management** and reporting (i.e., waste and water)
- Assessment of **environmental impact of product portfolio** (launched 2019)

S Social

- SGL Carbon **Code of Conduct respecting** the principles of the **UN Global Compact**
- **Global EHSA policy** (safe and healthy working conditions, minimization of environmental impact of our business activities)
- **Human rights policy** incl. grievance mechanisms
- **Supplier Code of Conduct** anchored in general purchasing conditions

G Governance

- Distinct **sustainability targets** for the Board of Management (introduced 2020)
- Comprehensive **risk management** incl. non-financial riks, e.g., climate-related risks
- **Compliance Management System*** incl. whistleblower hotline
- Comprehensive **compliance training** programs (physical and online)
- **Global Anti-corruption program**

Participation in CDP (first time 2020) and various recognized supplier assessments incl. Ecovadis, IntegrityNext and NQC

Source: SGL Carbon CSR Report (Annual Report 2019)

* DQS Certification Audit according to ISO 19600 successfully carried out end of October 2020

Update on Covid-19 impact on our operations.

- In spring of 2020, SGL Carbon had successfully implemented Corona countermeasures early in order to prevent a spread of the COVID 19 virus within the organization and the sites
- These countermeasures were eased during the summer months but have now been reinforced in order to prepare for the second wave that is currently rolling over the northern hemisphere
- At the moment, SGL Carbon has 34 infected employees, and 56 employees are in preventive quarantine
- Since the beginning of the outbreak, a total of 96 employees are or had been infected by Corona, thereof 62 already recovered
- Despite the increasing numbers, production at none of our sites is affected by infections or preventive protective measures
- Even though the uncertainty has recently increased regarding a second pandemic wave and an associated further decline in demand due to a recession, we are able to confirm our guidance for Group sales and Group operating recurring EBIT for the fiscal year 2020

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.