



# H1 2021 results

## “First Steps to Success”

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Wiesbaden | August 12, 2021



# Agenda

1. Recent Developments
2. H1 2021 Results
3. Outlook 2021
4. Summary
5. Backup

## 1 Recent Developments

„Successful steps into the right direction“

# H1 2021: Business development accelerated & FY '21 outlook raised

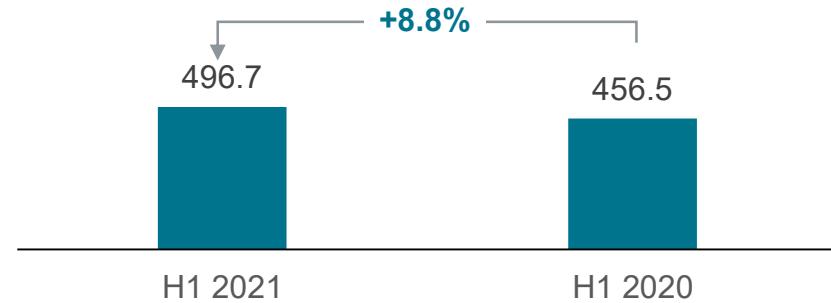
Financials	Business	Outlook
<p><b>496.7</b> mEUR Group sales. 8.8% up – driven by rising demand in our key markets</p>	<p><b>Restructuring program</b> successful on track</p>	<p>Outlook for FY2021 raised on July 13</p>
<p>Significant recovery of <b>EBITDApre</b> with increase of 29.7 mEUR (+70.7%) to <b>71.7</b> mEUR</p>	<p>Encouraging development in <b>LED and semiconductors</b> business</p>	<p>Now <b>EBITDApre</b> between 130 – 140 mEUR and <b>sales</b> of approx. 1 bnEUR expected</p>

## 2 H1 2021 Results

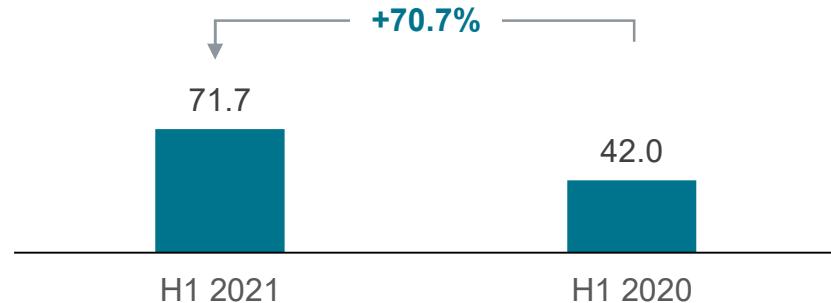
**“Back on a profitable path“**

## SGL Carbon – Profitability improvement compared to sales growth

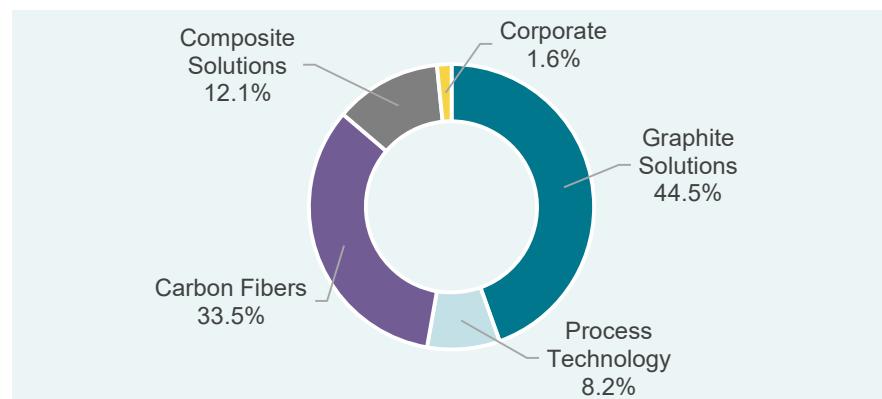
**Sales** (in mEUR)



**EBITDApre** (in mEUR)



**Sales Split** (in %)

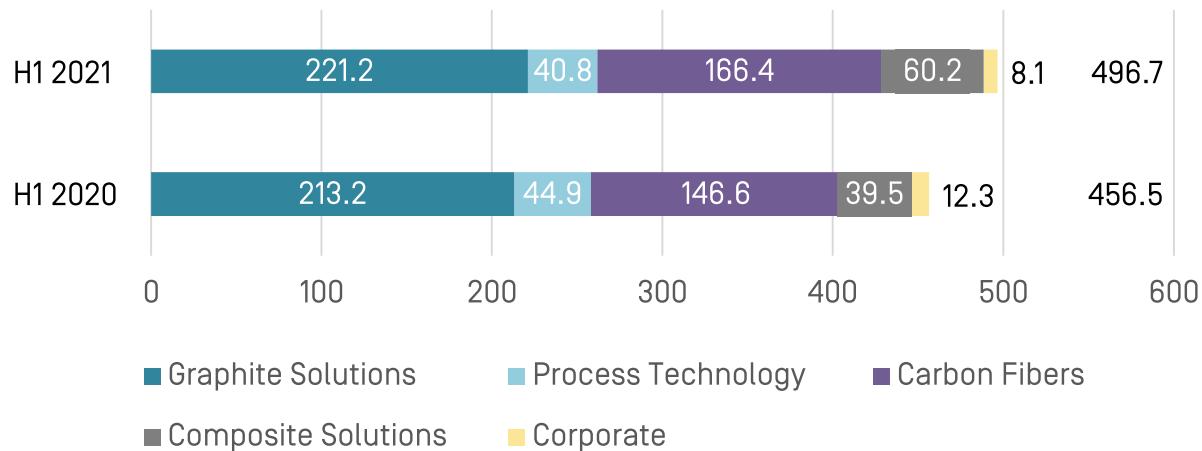


### Key developments

- Significant sales plus in CF (+19.8mEUR) and CS (+20.7mEUR)
- Sales growth and transformation achievements lead to strong earnings improvement

# SGL Carbon – Positive development in almost all business units

**Sales Split by Business Unit** (in mEUR)



## Key developments

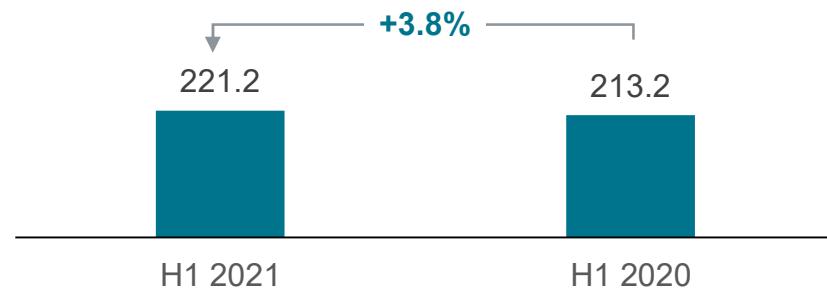
- **GS:** Sales increase of 3.8% due to higher sales in automotive and semiconductor business
- **PT:** Sales down by 9.1%. Order intake slightly recovered in Q2, but still far from pre-pandemic level
- **CF:** Sales increase of 13.5% based on dynamic demand from automotive industry
- **CS:** Sales rise by 52.4% due to automotive customer demand and ramp-up of new projects

# SGL Carbon – Recovery in most of our key markets

Graphite Solutions	Process Technology	Carbon Fibers	Composite Solutions
 <b>Semiconductor</b> Continued high demand – strong growth potential	 <b>Chemicals</b> Significantly lower order intake due to pandemic-related postponement of projects	 <b>Automotive</b> Recovering demand and strong order entry   <b>Wind energy</b> Stable but below expectations   <b>Aerospace</b> Stable on a low level   <b>Textile Fibers</b> Sales increase due to volume and price effects   <b>Industrial Applications</b> Constant demand	 <b>Automotive</b> Dynamic growth and increasing potential for large scale solutions   <b>Aerospace</b> Slightly above expectations but still difficult industry situation   <b>Industrial Applications</b> Not yet back to the level before Corona

## Graphite Solutions (GS) – Semiconductor strong

**Sales** (in mEUR)

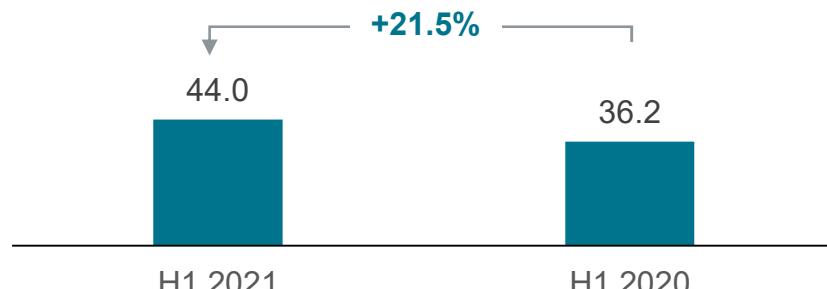


### Key developments

#### Sales

- Semiconductor sales increase by 20 % yoy
- Positive effect from contract termination (H1 2021: approx. 4mEUR)
- Industrial still weak (late-cyclical business)

**EBITDApre** (in mEUR)

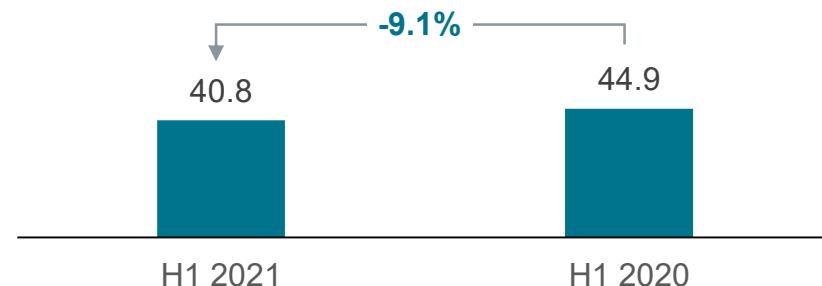


#### EBITDApre

- Positive effects due to savings and higher utilization
- Slight negative effect due to higher raw material prices

## Process Technology (PT) – Demand remains weak

**Sales** (in mEUR)

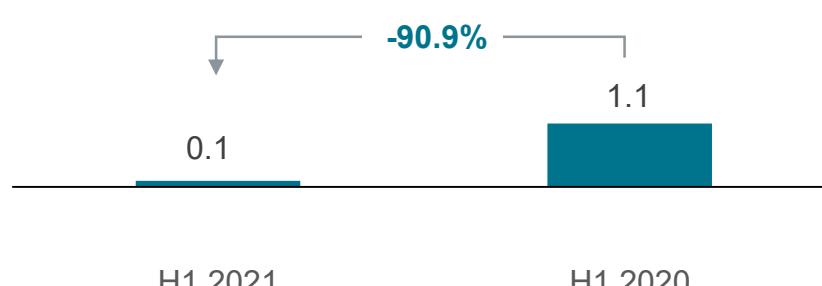


### Key developments

#### Sales

- Pandemic-related sales decline in last quarters
- Demand from chemical industry remains weak
- Slight recovery in order intake not yet reflected in sales

**EBITDApre** (in mEUR)

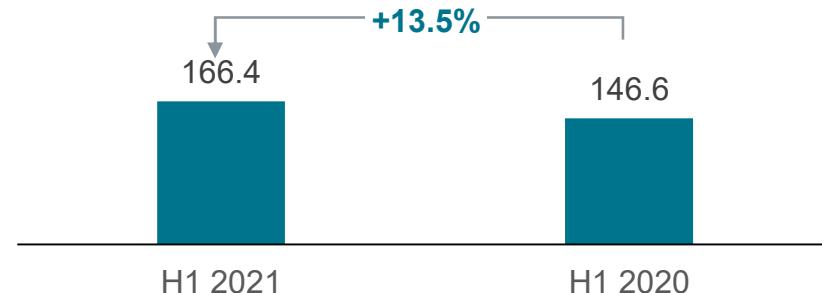


#### EBITDApre

- Negative volume effect could not be offset by savings from transformation

## Carbon Fibers (CF) – Strong profitability improvement

**Sales** (in mEUR)

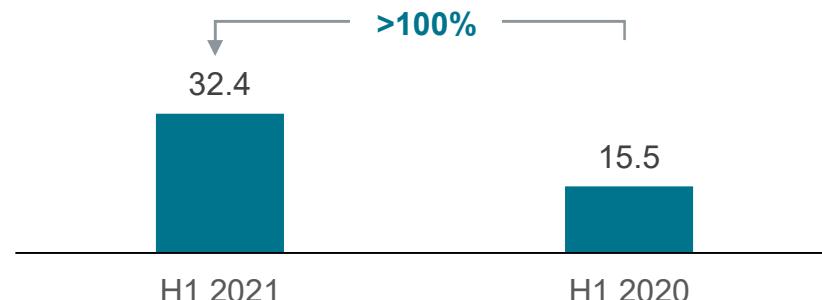


### Key developments

#### Sales

- Strong topline due to higher demand from automotive
- Demand for acrylic fibers continues to rise

**EBITDApre** (in mEUR)

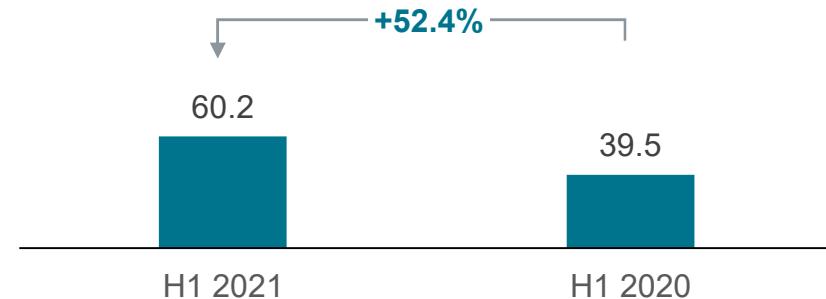


#### EBITDApre

- EBITDApre doubled
- Pass-through of major raw material price increases
- Improved asset utilization at reduced cost
- Earnings contribution from BSCCB joint venture 6mEUR higher than in previous year

## Composite Solutions (CS) – Strong growth driven by automotive

**Sales** (in mEUR)

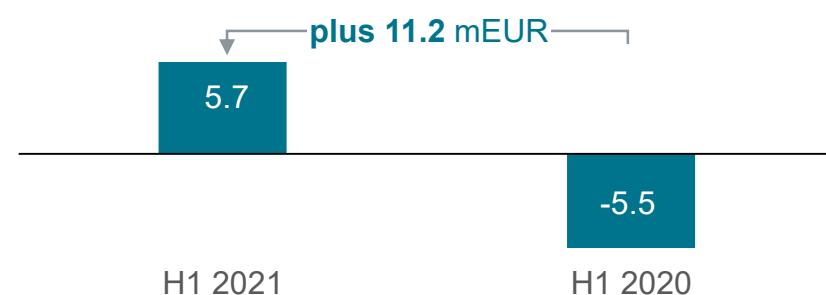


### Key developments

#### Sales

- Large scale solutions for automotive boost sales
- Pandemic-related catch-up effects
- Start of production for new projects e.g. battery enclosures in automotive

**EBITDApre** (in mEUR)

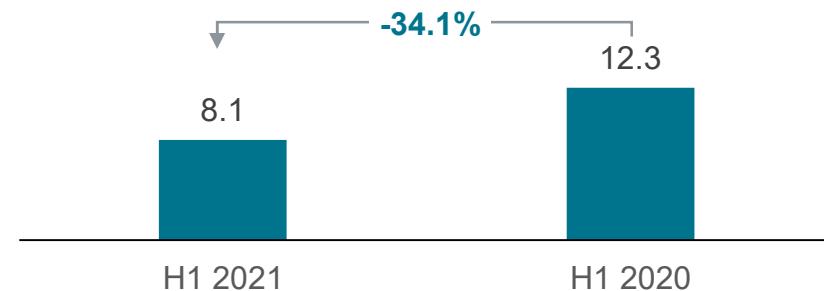


#### EBITDApre

- Higher capacity utilization
- Product mix driven increase in earnings

## Corporate – Development into internal service provider

**Sales** (in mEUR)

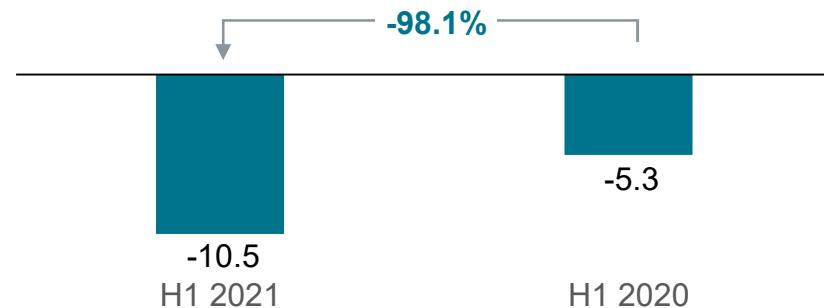


### Key developments

#### Sales

- Strong decline due to SDK\* termination in Meitingen
- Lower services to divested businesses
- Lower rental income due to sale of land and buildings

**EBITDApre** (in mEUR)



#### EBITDApre

- One-off consulting expenses
- Lower revenue could not be offset by savings from transformation

\* SDK = Showa Denko

## Getting better and better step by step

### Key figures and ratios (in mEUR)

	30.06.2021	31.12.2020
Equity ratio (in %)	20.8	17.5
Total liquidity	184.3	141.8
Net financial debt	246.7	286.5
Leverage ratio (net debt/EBITDApre)	2.0	3.1
ROCE <sub>EBITpre</sub> (in %)	H1 2021	H1 2020
	4.9	1.6

### Cash flow (in mEUR)

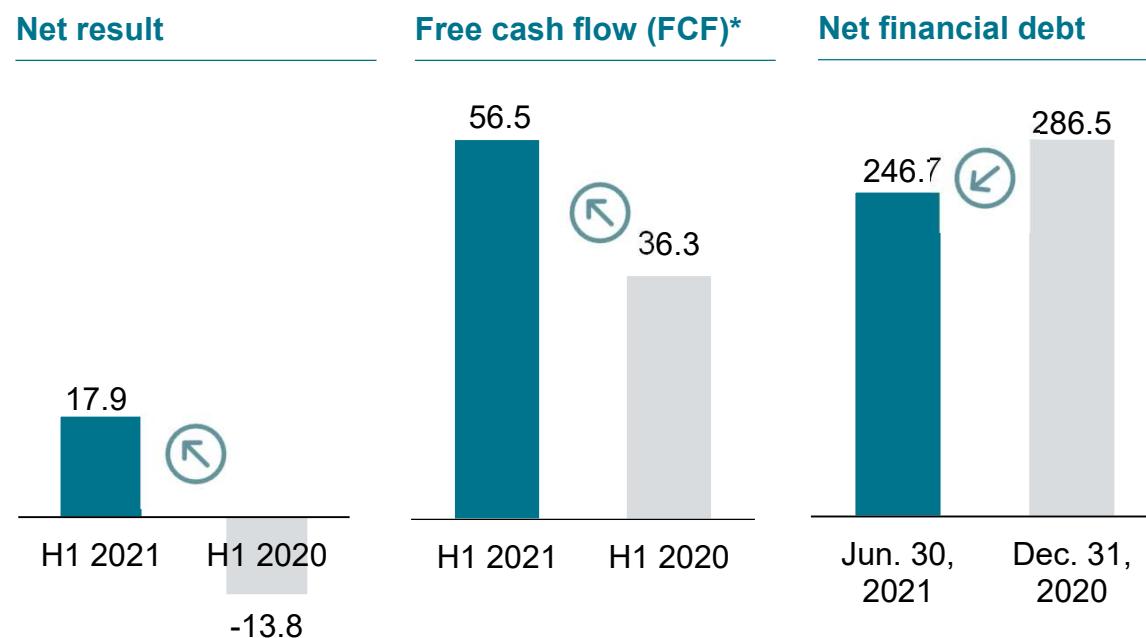
	H1 2021	H1 2020
Cash flow from operating activities	65.9	50.5
Capex	-15.2	-19.9
Cash flow from investing activities	-9.4	-14.2
Free cash flow (continuing operations)	56.5	36.3

### Key developments

- Balance sheet solid
- Decreased net financial debt due to increased liquidity
- Equity ratio stabilized above 20%
- ROCE significantly improved
- Operating cash flow reflects good business performance
- Capex below previous year
- Dynamic FCF development

## Focus on bottom line & cash pays off

### Key figures (in mEUR)



\* Adjusted with IAS 7.33 presentation of interest payments now in financing CF; prior year adjusted  
15

### Key developments

#### Net result

- Clear turnaround

#### Free cash flow/Net financial debt

- FCF increased 20.2 mEUR (55.6%).
- Net financial debt decreased by 39.8mEUR (13.9%)
  - Cash increase of 42.5mEUR to 184.3mEUR due to positive FCF

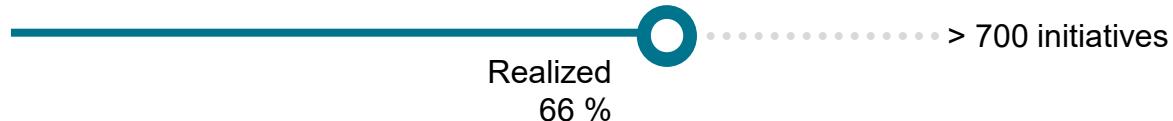
### 3     Outlook

**“Deliver, deliver, deliver“**

## Transformation program on track

### Status end of H1 2021

Implementation of initiatives



Savings



Headcount reduction



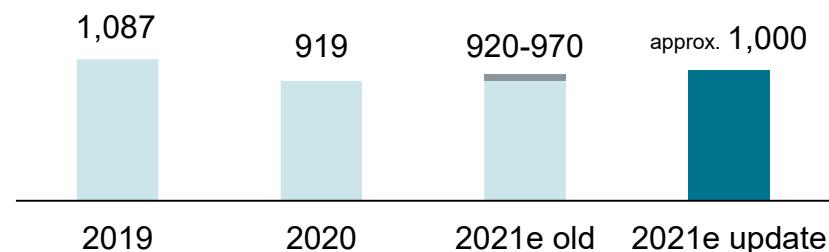
## Price increases and savings compensate higher raw material costs

Cost effects		Differentiated price increases
▪ Raw materials	+20-50%	large effect
▪ Logistics	+>>100%	small effect
▪ Energy	rollover	no effect in 2021
▪ Secure availability		

- Optimization of absolute EBITDApre by business unit
- **Margin before volume strategy**

## SGL Carbon – Outlook for FY2021 raised

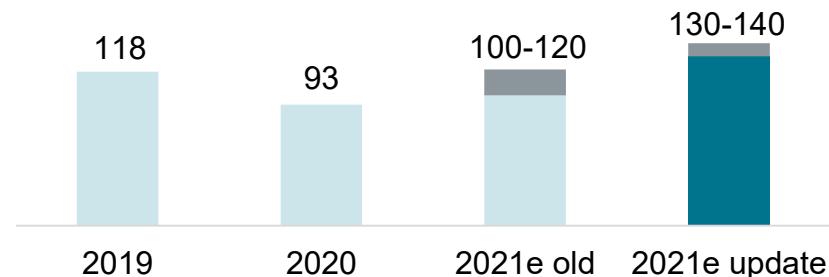
**Sales** (in mEUR)



### Key drivers

- Successful implementation of transformation program
- Order entry improved in all Business Units
- Focus on improvement of existing businesses
- Margin before volume strategy

**EBITDApre** (in mEUR)



## SGL Carbon – Focus on bottom-line and cash

### Other guidance KPI 2021

in mEUR	Actual 2020	Previous Guidance 2021 <sup>1)</sup>	Updated Guidance 2021 <sup>1)</sup>
<b>ROCE EBITpre</b>	1.8 %	slight improvement	significant improvement
<b>Consolidated net result</b>	– 132.9	– 20 to 0	slightly positive
<b>Capital expenditure</b>	55.8	at the level of depreciation (approx. 60)	at the level of depreciation (approx. 60)
<b>Free cash flow</b>	93.9	20	> 20

<sup>20</sup> <sup>1)</sup> „Slight“ indicates a variation of up to 10%; „significant“ indicates a variation of more than 10%

## Outlook on Business Unit level also increased

	Graphite Solutions	Process Technology	Carbon Fibers	Composite Solutions
Sales	slight increase	stable	significant increase (prev.: stable)	significant increase
EBITDApre	significant increase	stable	significant increase (prev.: slight increase)	significant increase (prev.: slightly positive)
Growth & profitability driver	<ul style="list-style-type: none"> <li>▪ Automotive</li> <li>▪ Semiconductors</li> <li>▪ Graphite for Lithium-Ion Batteries</li> </ul>	<ul style="list-style-type: none"> <li>▪ Catch-up demand in the chemical industry</li> </ul>	<ul style="list-style-type: none"> <li>▪ Wind energy</li> <li>▪ Recovery Automotive</li> </ul>	<ul style="list-style-type: none"> <li>▪ Automotive</li> <li>▪ Electromobility</li> </ul>

## 4      Summary

**“Creating the basis for sustainable profitability and growth“**

## SGL Carbon „back in black“

1. Successful transformation supporting positive earnings development
2. Pick-up in demand particularly from automotive and semiconductor
3. Capacity utilization leads to cost degression effects
4. Higher raw material costs compensated by savings and price increases
5. Improved liquidity (+42.5mEUR vs. 2020) and lower net financial debt (-39.8mEUR vs. 2020)
6. Guidance for FY2021 raised



# Q&A

**We are looking forward to your questions**

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## Financial calendar and IR contact details

### Financial calendar

November 11, 2021

- Report on the first nine months 2021
- Conference call for analysts and investors

### Contact

#### Investor Relations

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## 5      Backup

## Net result turned positive

### Group income statement (in mEUR)

	H1/2021	H1/2020
Sales	496.7	456.5
<b>EBITDApre</b>	<b>71.7</b>	<b>42.0</b>
<b>EBITpre</b>	<b>43.5</b>	<b>8.7</b>
Exceptionals	-5.2	-3.0
<b>EBIT</b>	<b>38.3</b>	<b>5.7</b>
Financial result	-14.0	-15.8
<b>Results from continuing operations before income taxes</b>	<b>24.3</b>	<b>-10.1</b>
Income tax expense and non controlling interests	-6.4	-3.7
<b>Net result attributable to shareholders</b>	<b>17.9</b>	<b>-13.8</b>

### Key developments

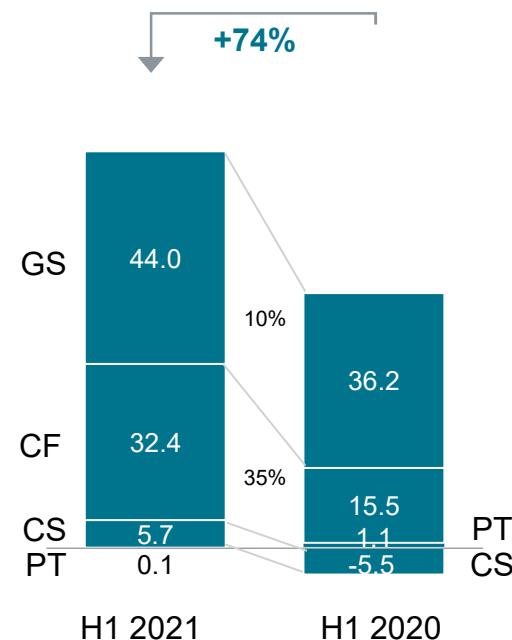
- Sales plus 8.8%
  - Recovery of demand in key markets
- EBITDApre plus 70.7%
  - Higher sales, higher utilization
  - Product mix
  - Successes transformation program
- EBITpre quintupled
- Net result turned positive

## Business unit performance H1 2021 vs. H1 2020

**Sales** (in mEUR)



**EBITDApre** (in mEUR)



## **SGL Carbon to report EBIT / EBITDApre (exceptionals)**

### **Definition of exceptionals (for 2021)**

- Depreciation in accordance with IFRS:
  - effects of impairment (IAS 36)
  - purchase price allocations (IFRS 3)
  - depreciation on assets held for sale in accordance with IFRS 5
- Restructuring expenses
- Proceeds from the sale of land and buildings
- Proceeds from insurance claims, provided they are not counterbalanced by any offsetting items during the reporting period
- Other material one-off effects, which are not reflecting the underlying business development



### **Important Note**

This presentation contains statements relating to certain projections and business trends that are forward-looking, including statements with respect to SGL Carbon's outlook and business development, including developments in SGL Carbon's Graphite Solutions (GS), Process Technology (PT), Carbon Fibers (CF) and Composite Solutions (CS) businesses, expected customer demand, expected industry trends and expected trends in the business environment, statements related to SGL Carbon'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 Carbon'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 Carbon's main customer industries, competitive products and pricing, the ability to achieve sustained growth and profitability in SGL Carbon's Graphite Solutions (GS), Process Technology (PT), Carbon Fibers (CF) and Composite Solutions (CS) businesses, the impact of any manufacturing efficiencies and capacity constraints, widespread adoption of carbon fiber products and components in key end-markets of SGL Carbon, including the automotive and aerospace 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 Carbon's ability to refinance its indebtedness, development of the SGL Carbon pension obligations, share price fluctuation may have on SGL Carbon's financial condition and results of operations and other risks identified in SGL Carbon's financial reports. These forward-looking statements are made only as of the date of this document. SGL Carbon does not undertake to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.