SGL GROUP
THE CARBON COMPANY

Annual General Meeting 2011

Wiesbaden
May 3, 2011

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Agenda

1. The 2010 Business Year

2. First Quarter and Outlook 2011

3. Vision 2015 – Mid-term Targets

2010 Back on Growth Track

Business Development

- Results for fiscal year 2010 better than initially expected
- Sales up 13% to €1.4 billion
- EBIT rose by 16% to €128 million
- Return on sales increased from 9.1% to 9.3%
- Investment program in new technologies continued according to schedule (€137million)
- Cost savings from SGL Excellence Initiative of €23 million
- Earnings per share: €0.80 (previous year minus €0.93)

➔ Sound base for further profitable growth

Strategic Development

- **PP: Further expansion of carbon and graphite production facility in Banting (Malaysia) according to schedule**
- **GMS: Decision to triple global isostatic graphite capacity**
- **CFC: Expansion of CFC activities**
  - JV with the BMW Group: Construction of a carbon fiber production facility in Moses Lake, Washington (USA) and a carbon fiber fabric production facility in Wackersdorf (Germany)
  - JV with Mitsubishi Rayon (Japan) to secure PAN-Precursor supply

Strategic Development

- **Expansion of R&D infrastructure**
  - New carbon fiber pilot facility for the aviation industry
  - New laboratory facility for the production of composites (prepreg)
  - Supporting the academic and scientific environment
    - Professorship for Carbon Composites at the Technical University of Munich (TUM)
    - Fraunhofer Institut, project group “Integrated light-weight construction”
    - “SGL Carbonum” Management Center for Advanced Education and Knowledge Transfer at Augsburg University

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Performance Products (PP)

in € million	2010	2009
Sales	763	642
EBITDA	178	181
Profit from operations (EBIT)	144	152
Return on sales (in %)	18.9	23.7

- **Sales increase: 19%**
  - Graphite electrodes: Sales increase driven by rising demand from steel industry
  - Cathodes: Expected decline in cathodes demand due to capex pause in aluminum industry
- **EBIT decreased by 5%** due to:
  - Higher raw material costs in graphite electrodes
  - Decline in cathodes business volume
  - Start-up costs for new Malaysian plant
  - SGL X savings of € 8 million

SGL Group
Graphite Materials & Systems (GMS)

in € million	2010	2009
Sales	396	365
EBITDA	55	45
Profit from operations (EBIT)	37	28
Return on sales (in %)	9.3	7.7

- **Sales increase: 9%**
  - New orders began a strong recovery at the start of 2010, led to notable sales not before Q2/2010
  - Improvement in all customer industries, in particular semiconductor, LED and solar industries
  - Exception chemical industry, lower investments after two consecutive record years

- **EBIT increased by 32%** due to:
  - Substantially improved business volumes and resulting improved capacity utilization
  - SGL X savings of €9 million

SGL Group
Carbon Fibers & Composites (CFC)

in € million	2010	2009
Sales	219	208
EBITDA	5	-12
Profit from operations (EBIT)	-7	-23*
Return on sales (in %)	-3.0	-11.0*

- **Sales increase: 5%**
  - Higher demand for carbon fibers, composite materials and aerospace components (HITCO)
  - Lower sales contribution from SGL Rotec due to changes in production equipment
  - Excluding SGL Rotec → CFC sales increased by more than 30%

- **EBIT improved by more than 70%** due to:
  - Higher sales volumes within aerospace industry
  - Operational improvement across all Business Units
  - SGL X savings of €6 million
  - However, still unsatisfactory price level due to high stock

*before impairment loss

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Solid Financing Structure and Cash on Hand
Allow Continuation of Growth Path

Solid long-term financial structure

- €200 million Corporate Bond (maturity 2015)
- €200 million Convertible Bond (maturity 2013, conversion price €36.52)
- €200 million undrawn credit facility (original 2012 maturity extended to 2015)

Followed by a supplemental debt instrument in June 2009

- €190 million Convertible Bond (maturity 2016, conversion price €29.39)

SGL Group had solid balance sheet ratios and cash on hand at end of December 2010

- Equity ratio: 41%
- Gearing*: 0.47
- Total liquidity: €285 million

No refinancing requirements before 2013 at the earliest

* Net debt to equity

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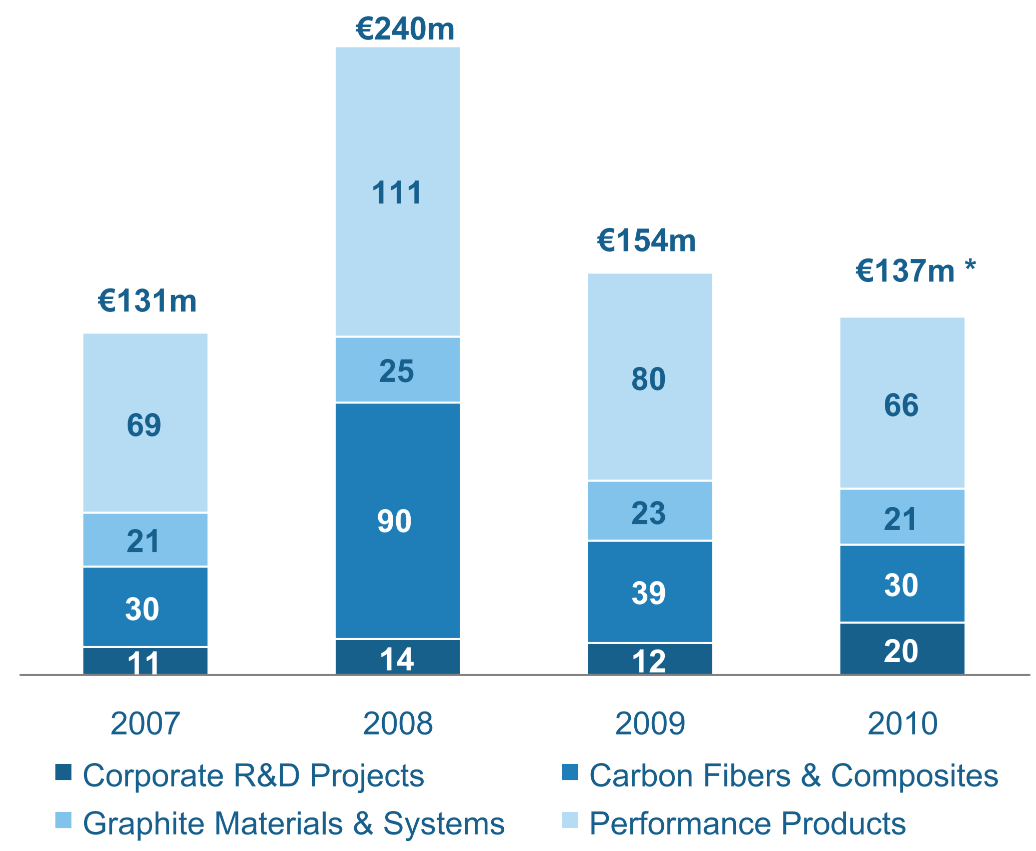
Ensuring the Future
High Level of Capital Expenditure in 2010

Major investment focus in 2010:

- **Performance Products:**
  - Carbon-Hub in Malaysia
- **Graphite Materials Systems:**
  - Capacity expansion of isostatic graphite in Germany
  - Capacity expansion in USA
- **Carbon Fibers Composites:**
  - Further investments in automation technologies at HITCO (USA)
  - Investments for ramping up production capacity at SGL Rotec
- **Corporate R&D:**
  - Pilot plant for aeronautic fiber in Germany
  - Prepreg laboratory facility in Germany

Capital expenditure [in € million]



*gross, before third-party payments

First Quarter 2011: Strong Start into 2011 as Expected

Highlights first quarter 2011

- Sales increased by 20% to €364 million
- Operating profit (EBIT) rose by 40% to €36 million
- Return on sales at 10% (Q1/2010: 9%)
- Profit for the period increased by 60% to €15 million
- Free cash flow: Minus €18 million (Q1/2010: €26 million)
- Equity ratio steadily solid at 41% (2010: 41%)
- Gearing of 0.49 still at target level

Outlook 2011: Double-Digit Sales and EBIT Growth

Group

- Sales to rise at least 10%
- EBIT grows to €150-165 million
- Resulting in Group ROS of 10%-11%
- Tax rate approx. 30%

Capex, balance sheet, cash flow

- Gearing level to remain at approx. 0.5 based on today's portfolio
- Gearing defines capex level
- Capex approx. €150 million to be largely funded from operating cash flow
- Resulting in free cash flow of minus €30-35 million (2010: minus €38 million)

Key risks

- Raw material availability
- Political and economic uncertainties

Vision 2015

Mid-term Targets

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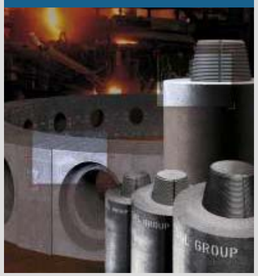
Fundamental Trends Offer Growth Opportunities

Steel & Aluminum



- Graphite electrodes for electric steel
- Furnace linings
- Cathodes for aluminum production

Chemical

- Sealing materials
- Equipment for HCl synthesis
- Heat exchangers

Established Business in Basic Industries

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Emerging Countries
Infrastructure Build-Up

Automotive

- Ceramic brake discs
- Carbon fiber fabrics for composite materials

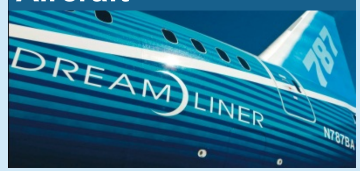
Solar

- High purity fine grain graphite for polysilicon and mono crystal pulling

e-Mobility

- Graphite anode material for lithium-ion batteries

Aircraft

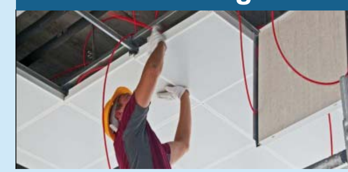


- Structural components made from carbon fiber composite materials

Wind

- Carbon fibers, prepregs and rotor blades for wind turbines

Air Conditioning



- Air conditioning systems made from expanded graphite

New Business in Growth Markets

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Industrialized Markets
Fast Innovations and Technological Progress

SGL Group / BMW Group Joint Venture
Milestone for the Series Launch of Automotive Carbon Fibers

Precursor

Carbon Fibers

Textiles

JV with Mitsubishi Rayon

JV with BMW: SGL Automotive Carbon Fibers

Otake, Japan
Start of precursor production
in April 2011

Wackersdorf, Germany
Start of textile production
in 3rd quarter 2010

Moses Lake, USA
Start of production of new carbon
fiber plant in 3rd quarter 2011

Textiles

CFRP Parts

BMW Group

Landshut, Germany
Groundbreaking CFRP component production
in July 2010

Leipzig, Germany
Groundbreaking for production capacity expansion
in November 2010

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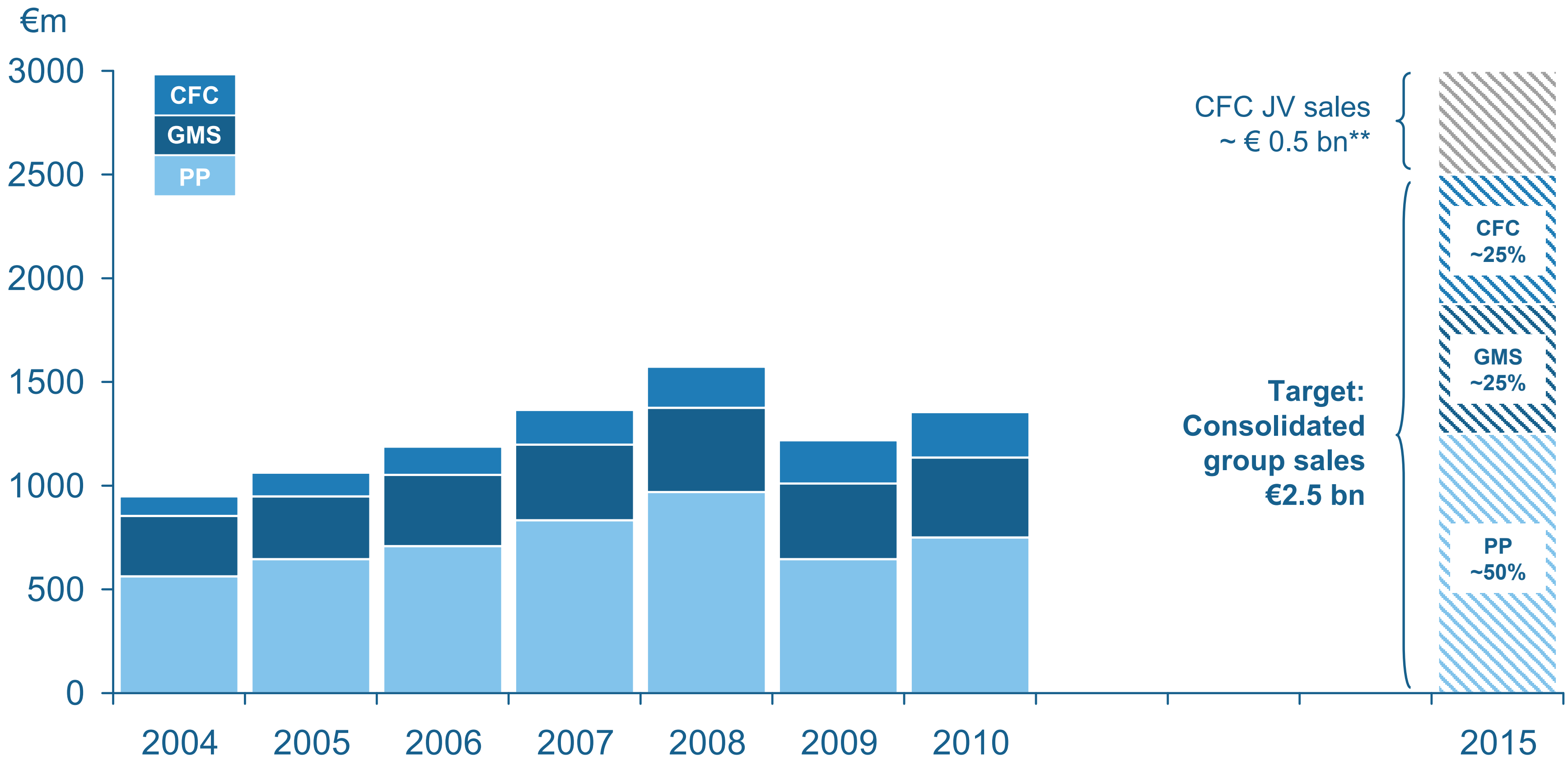
2011 – 2015
Group Sales to Increase by More Than 10% p.a. Reaching €2.5 bn in 2015*

Advanced Materials targeted to reach ~ 50% of Group sales by 2015

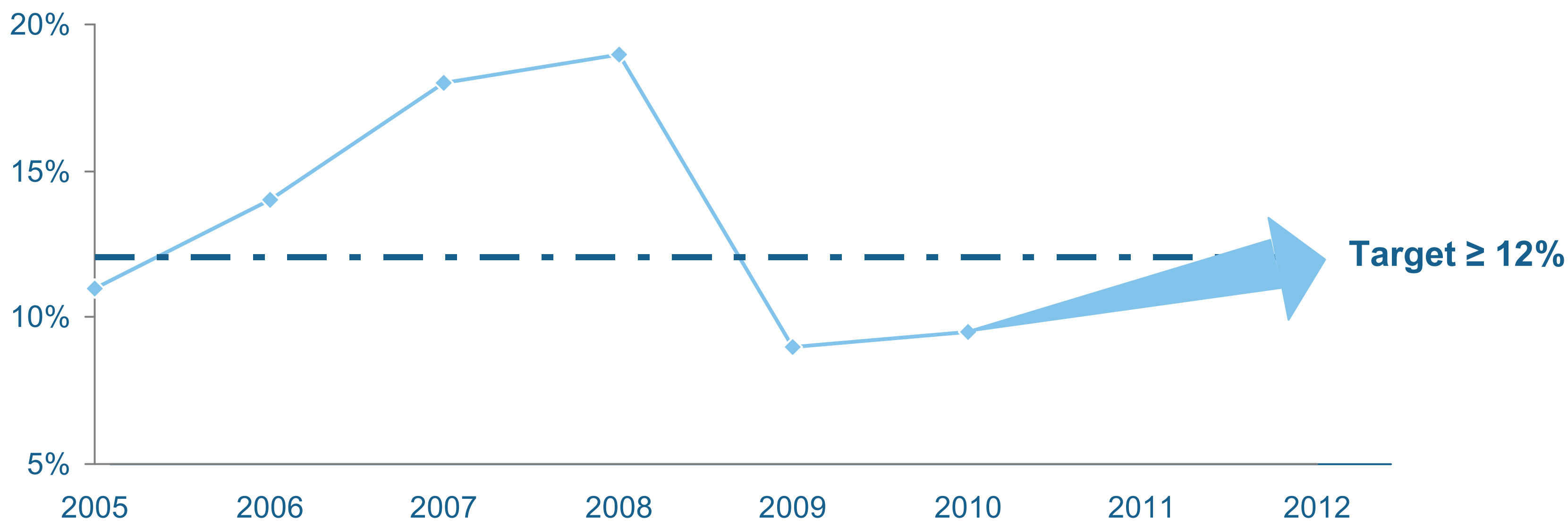


*organic growth, excluding acquisitions

**additional sales from at-equity consolidated JVs in CFC calculated on 100% ownership

2011 – 2015
Return on Sales (ROS) Target Remains at Minimum 12%

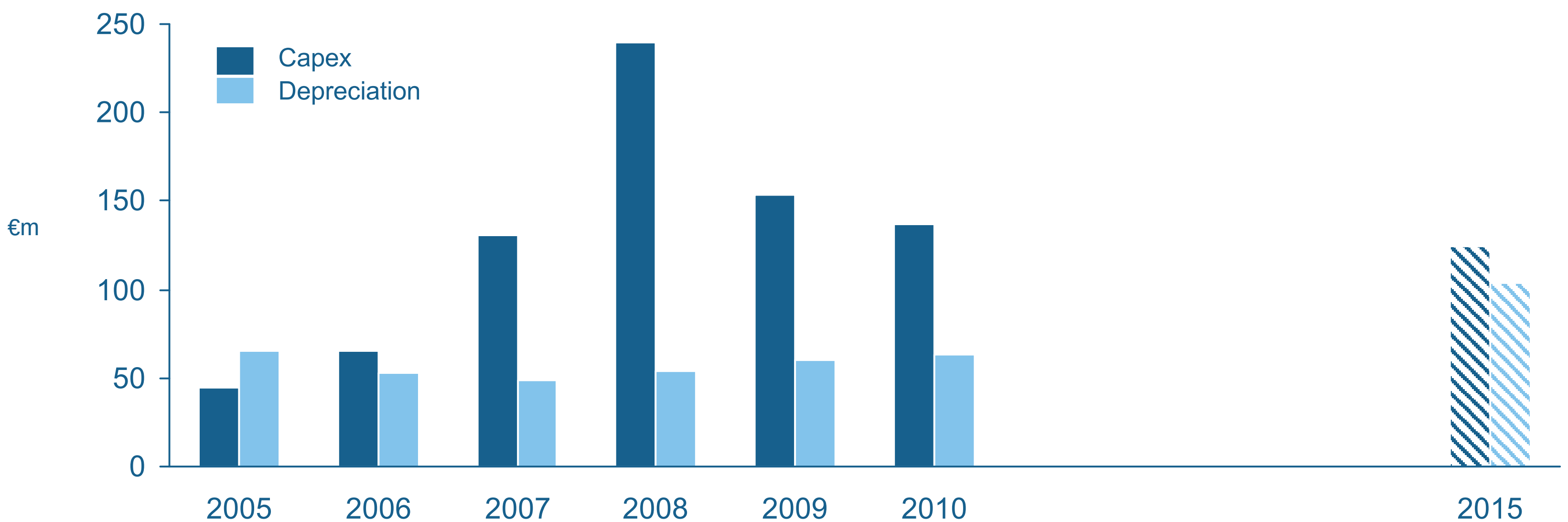
Group ROS target of ≥ 12% to be achieved again from 2012 onwards



- All business areas expected to be profitable from 2011 onwards
- New assets coming on stream contribute to sales and cash flow growth
- Higher capacity utilization especially in PP will lead to ROS ≥ 12% from 2012

2011 – 2015
Capex Remains High Until 2012 – Free Cash Flow Positive From 2013e

Capex and depreciation expected to converge



- Major investments on schedule
- Capex requirements up to €150 million p.a. in 2011 and 2012, declining thereafter
- Capex continues to be funded almost entirely from operating cash flow
- Positive free cash flow starting 2013
- Gearing target remains at approx. 0.5 and is indicative for capex levels

New assets leading to significant sales growth of more than 10% p.a.

- Reaching Group sales of €2.5 billion by 2015
- Plus approximately €500 million from at-equity consolidated JVs* in CFC

*calculated on 100% ownership

2011 – 2015
Key Messages and Targets

Sales growth targets raised

- CFC from ≥ 15% p.a. ➜ ≥ 20% p.a.
- GMS from 6-8% p.a. ➜ ≥ 10% p.a.
- PP reaches record sales levels and delivers earnings growth

Improved sales and earnings quality

- All three Business Areas become profit pillars as a result of a more balanced portfolio
- Group ROS target ≥ 12% to be reached from 2012 onwards
- Group ROCE target ≥ 17% to be achieved by end 2015
- Gearing target remains at approx. 0.5
- Free cash flow expected to turn positive in 2013

TOP 2
Appropriation of the Net Income for Fiscal Year 2010 – Dividend Payment

Dividend Policy 2009/10

- **Previous Plan: Dividend payment for record year 2008**
- **Priorities for crisis management 2009/10:**
  - Safeguard liquidity, continue at low debt level
  - Strong investment program to ensure future growth
  - Regain dividend ability

TOP 2
Appropriation of the Net Income for Fiscal Year 2010 – Dividend Payment

Dividend Policy 2011/12ff

- Basis for sustainable profitable growth is established
- Capex demand to decline in the mid term, as investments in future growth are now implemented
- Resulting in positive free cash flow from 2013 onwards
- Decision on reinstatement of dividend payment to be taken in 2011

Dividend payment planned to be resumed in 2012 for fiscal 2011*

* Condition: No macroeconomic disturbances

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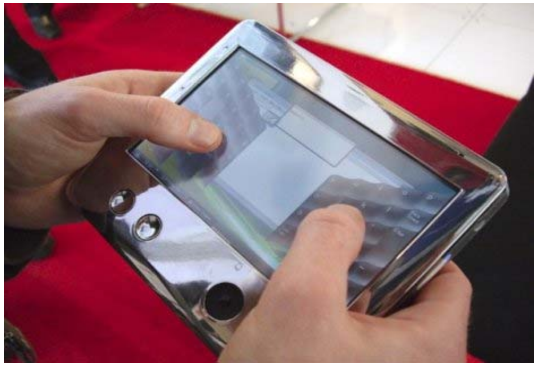
The Role Carbon Plays in Tomorrow's Challenges

Aerospace / Defense	e-Mobility	Wind Energy
		

Mobile End Devices	Construction Industry	Marine
		

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Thank you very much for your attention!

Important Note

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