

**Broad Base. Best Solutions.**



# Annual General Meeting

Dr. Jürgen Köhler  
CEO SGL CARBON SE

Wiesbaden | April 30, 2014

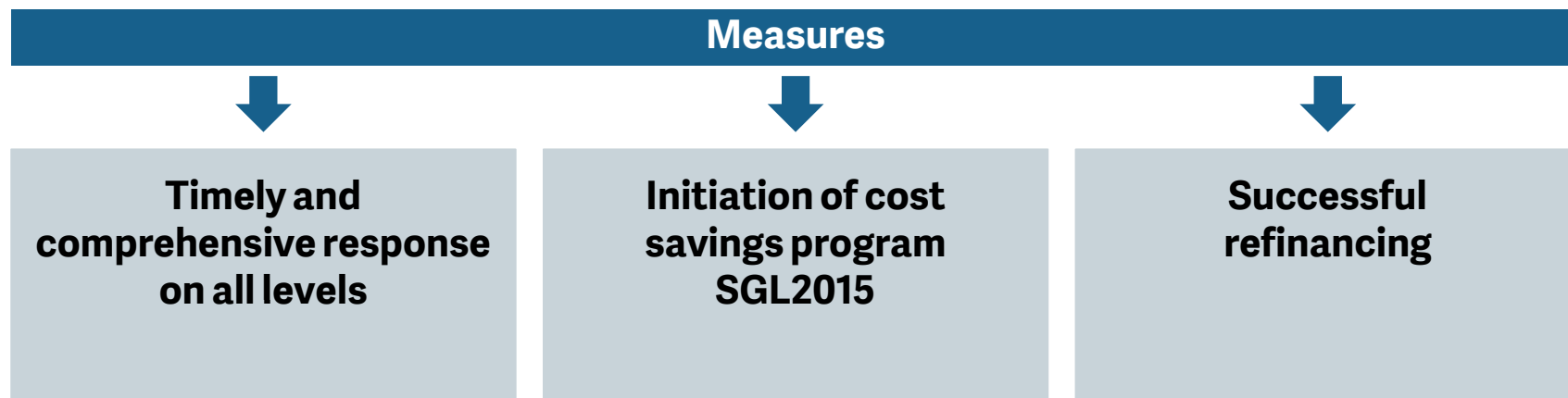


## 2013. Change and Continuity



**Fiscal year**  
**2013**

- Difficult economic and structural dynamics in almost every business area
- Operational development disappointing
- High one-off effects in income statement and balance sheet
- Biggest loss since inception of the Company



**Performance Products.** Considerable price pressure in graphite electrodes



<b>in € million</b>	<b>2013</b>	<b>2012</b>
<b>Sales revenue</b>	<b>755.9</b>	940.7
<b>Operating profit (EBIT) before non-recurring charges</b>	<b>69.4</b>	179.2

- Structural overcapacities in steel markets
- Competitors capitalize on currency advantages
- Price pressure in graphite electrodes
- Cathode sales slightly recovered, but at low price levels

**Reduction of electrode capacities in order to enhance cost position**

- Special effects of €60 million, especially due to announced plant closures

## Graphite Materials & Systems . Cyclical downturn in sales markets



<b>in € million</b>	<b>2013</b>	<b>2012</b>
<b>Sales revenue</b>	<b>408.1</b>	486.2
<b>Operating profit (EBIT) before non-recurring charges</b>	<b>30.1</b>	67.4

- Lower order intake from the solar, semiconductor and LED industries and industrial applications
- Business Unit Process Technology confirms result on previous year's record level
- Low fixed cost absorption and price pressure in Graphite Specialties

## Carbon Fibers & Composites. Unsatisfying prices for carbon fibers and low capacity utilization



<b>in € million</b>	<b>2013</b>	<b>2012</b>
<b>Sales revenue</b>	<b>309.3</b>	214.1
<b>Operating profit (EBIT) before non-recurring charges</b>	<b>-32.9</b>	-23.9

- Including Fisipe revenue of €117 million in 2013 (2012: €81 million)
- Comparable sales increase of 22 % due to higher sales in Carbon Fibers & Composite Materials and Aerostructures
- Continuing low capacity utilization in carbon fiber business
- Unsatisfying utilization level at Aerostructures

# SGL2015. Three pillars for improving profitability and market positioning



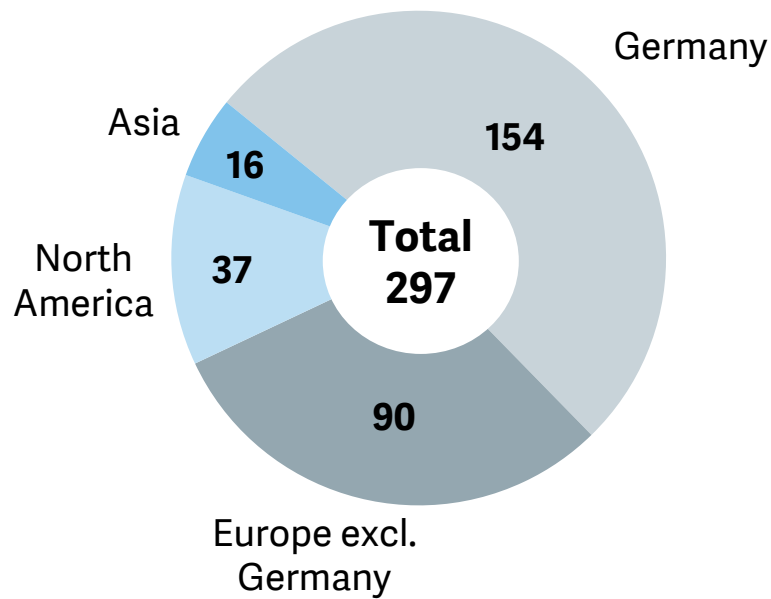
Organization	Production	Portfolio
<b>Remodeling</b> of processes and <b>streamlining</b> of management structures	<b>Adjust</b> and <b>optimize</b> production facilities	<b>Focus</b> on materials competence
<ul style="list-style-type: none"><li>▪ Reduction of 300 administrative staff worldwide</li><li>▪ Elimination of a management level</li></ul>	<ul style="list-style-type: none"><li>▪ Graphite electrode production in Canada discontinued</li><li>▪ Plant closure in Italy in implementation</li><li>▪ Several other smaller site projects</li></ul>	<ul style="list-style-type: none"><li>▪ SGL Rotec sold as of December 31, 2013</li><li>▪ Evaluation of options for HITCO</li></ul>

# Organizational restructuring.

83% of planned job cuts have been defined

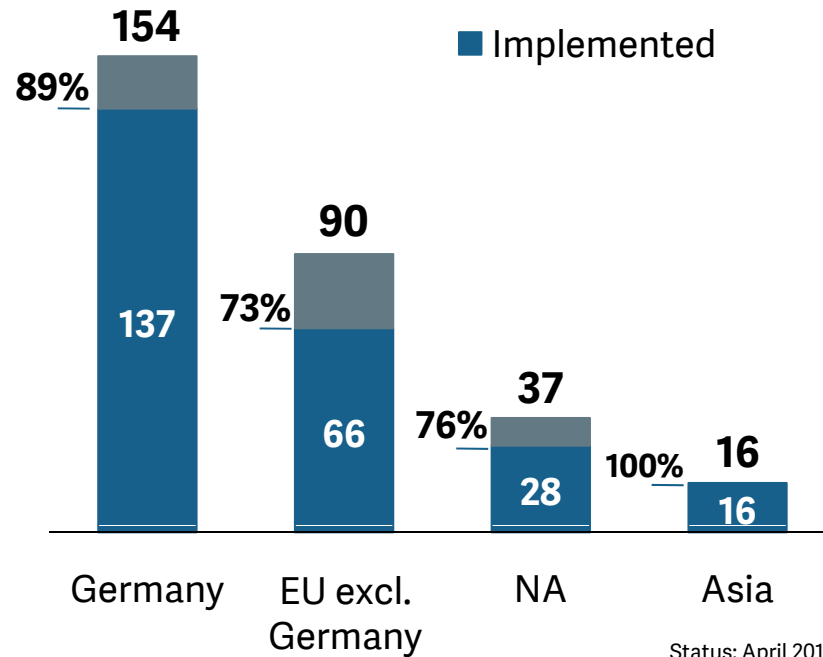


## Savings targets by region



## Status by region

Target achievement in %

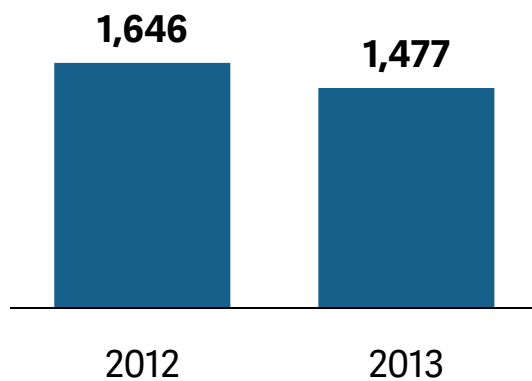


Status: April 2014

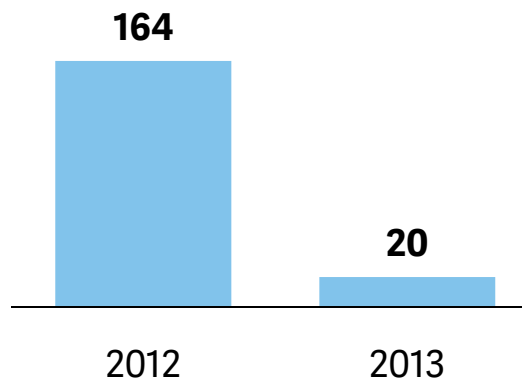
## 2013. Sales revenue and EBIT declining, positive free cash flow



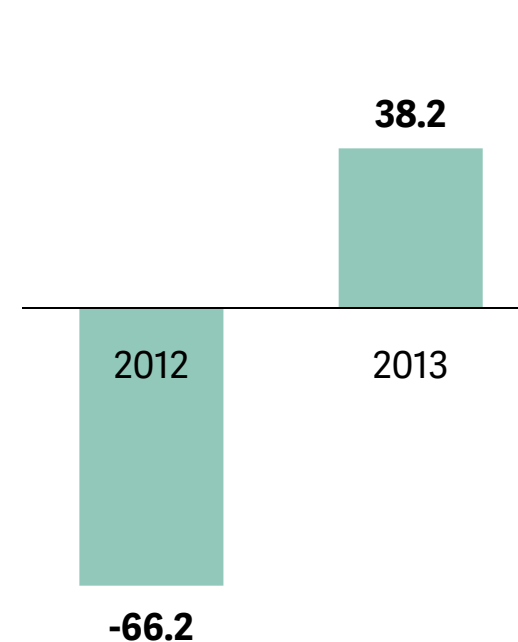
**Sales revenue**  
[in € million]



**EBIT before non-recurring charges** [in € million]

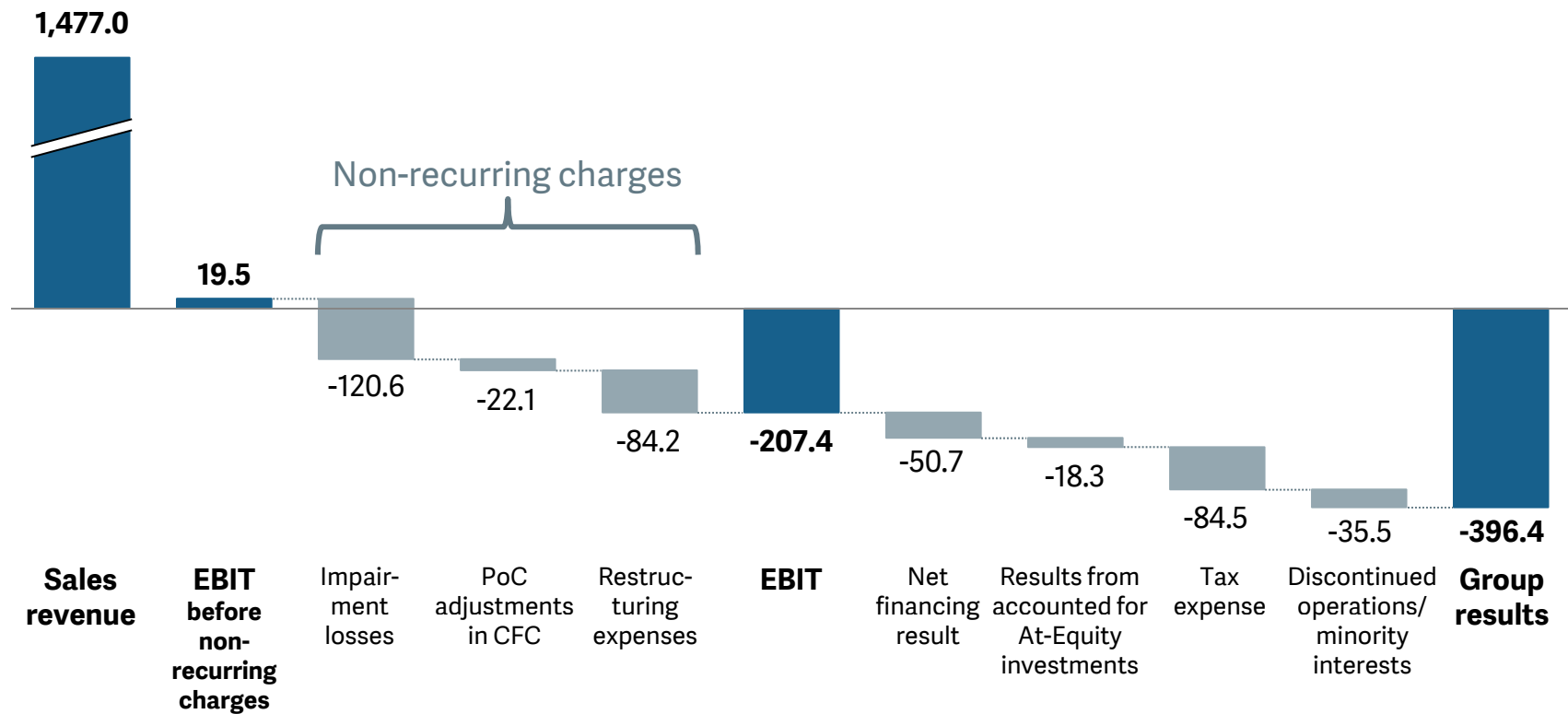


**Free cash flow**  
[in € million]





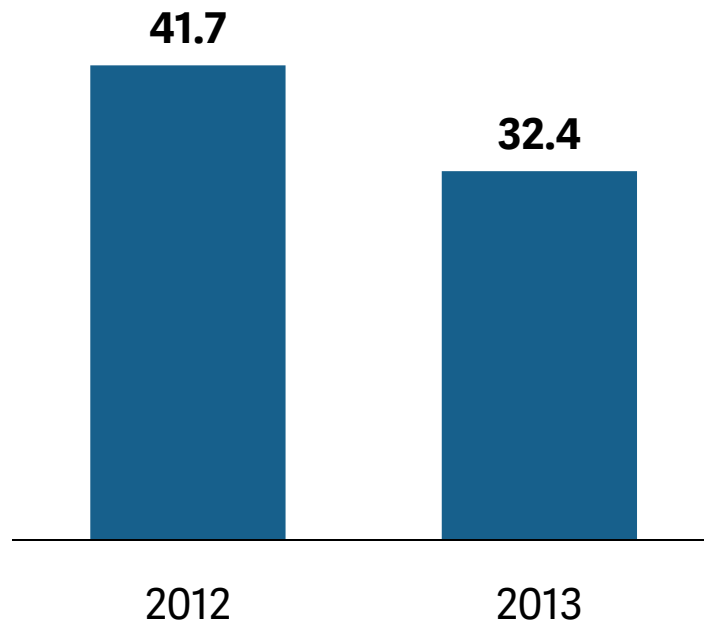
# 2013. Net Result affected by high non-recurring charges



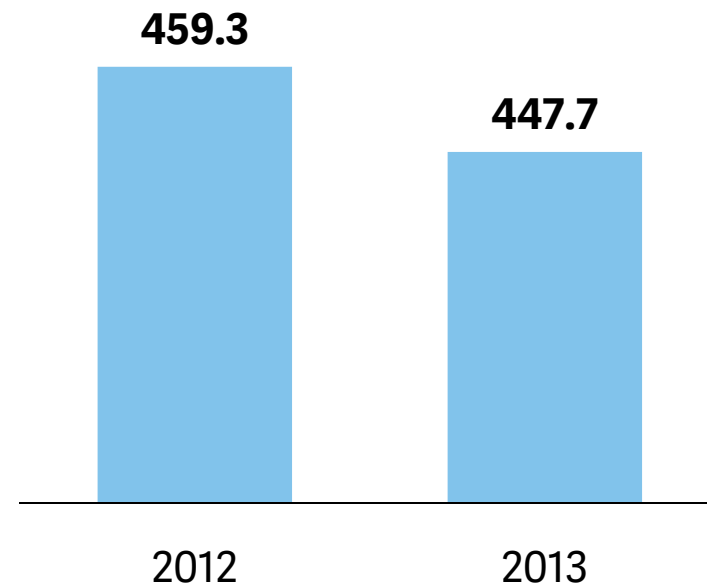
## 2013. Balance sheet key figures impacted by non-recurring effects



**Equity ratio**  
[in %]



**Net debt**  
[in € million]



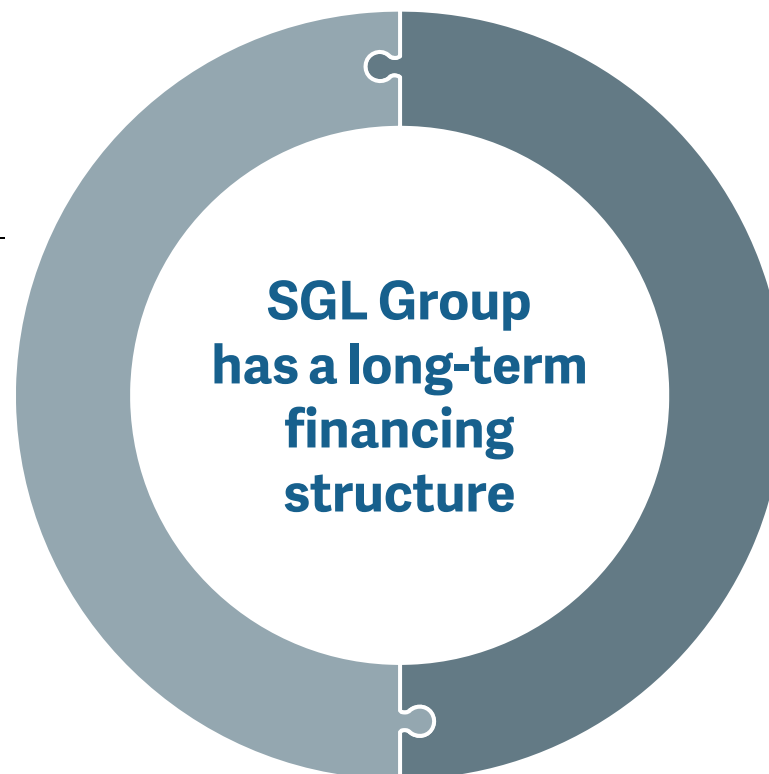
## 2013. Successful refinancing



### Existing debt instruments

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- €135 million convertible bond at 3.5 % (maturity 2016)
- €240 million convertible bond at 2.75 % (maturity 2018)



### Refinancing

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- €250 million corporate bond at 4.875 % (maturity 2021)
- €200 million credit facility, undrawn (maturity 2017)

# Outlook

## Measures Guidelines

## 2014. Outlook



- **Group sales:** Expected virtually stable compared to 2013 (excluding possible portfolio adjustments) includes proportional consolidation of SGL ACF
- **Group EBIT** before non-recurring charges: Significantly down compared to 2013
- **Restructuring charges for SGL2015:** low double-digit million Euro range
- **Free cash flow:** Significantly negative
- **Capex:** Group capex for established businesses significantly down, but substantial increase for SGL ACF due to BMW's growing demand for carbon fiber materials

## 2014. Key figures 1st quarter



<b>in € million</b>	<b>Q1 2014</b>	<b>Q1 2013</b>
<b>Sales revenue</b>	<b>336.3</b>	396.7
<b>EBIT before restructuring expenses</b>	<b>-2.3</b>	13.6
<b>Net result</b>	<b>-22.8</b>	-9.4
<b>Equity ratio</b>	<b>30.5%</b>	31.4%*

- New reporting structure resulting from streamlined the organization
- SGL2015 savings totaling €14 million in the reporting period
- Continued price pressure due to a weak demand for graphite electrodes
- Graphite Specialties double-digit growth due to an order from a customer in the electronics industry
- Carbon fiber activities benefit from the growth of the automotive JVs and increasing demand from the wind energy industry
- Outlook for full year 2014 confirmed

\*compared to December 31, 2013

## 2013. Operative developments



### Performance Products

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- Graphite plant in Malaysia starts regular operation
- Large cathodes order from China

### Graphite Specialties

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- Largest single specialty graphite order for a new technology in electronics industry
- Commissioning of new isostatic graphite plant in Bonn



### Carbon Fibers & Materials

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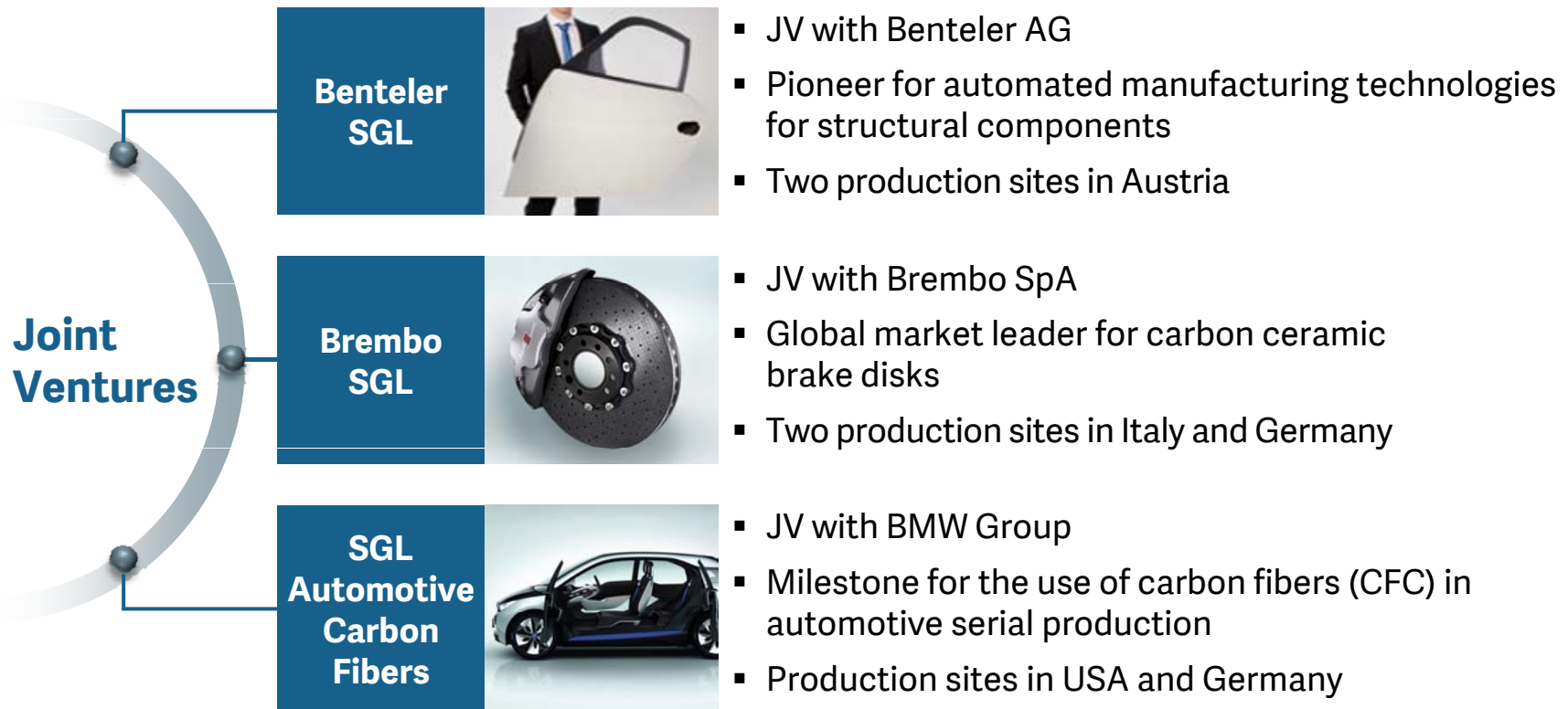
- Backward integration in carbon fiber raw material supply according to plan (Fisipe, Portugal)

### Joint Ventures

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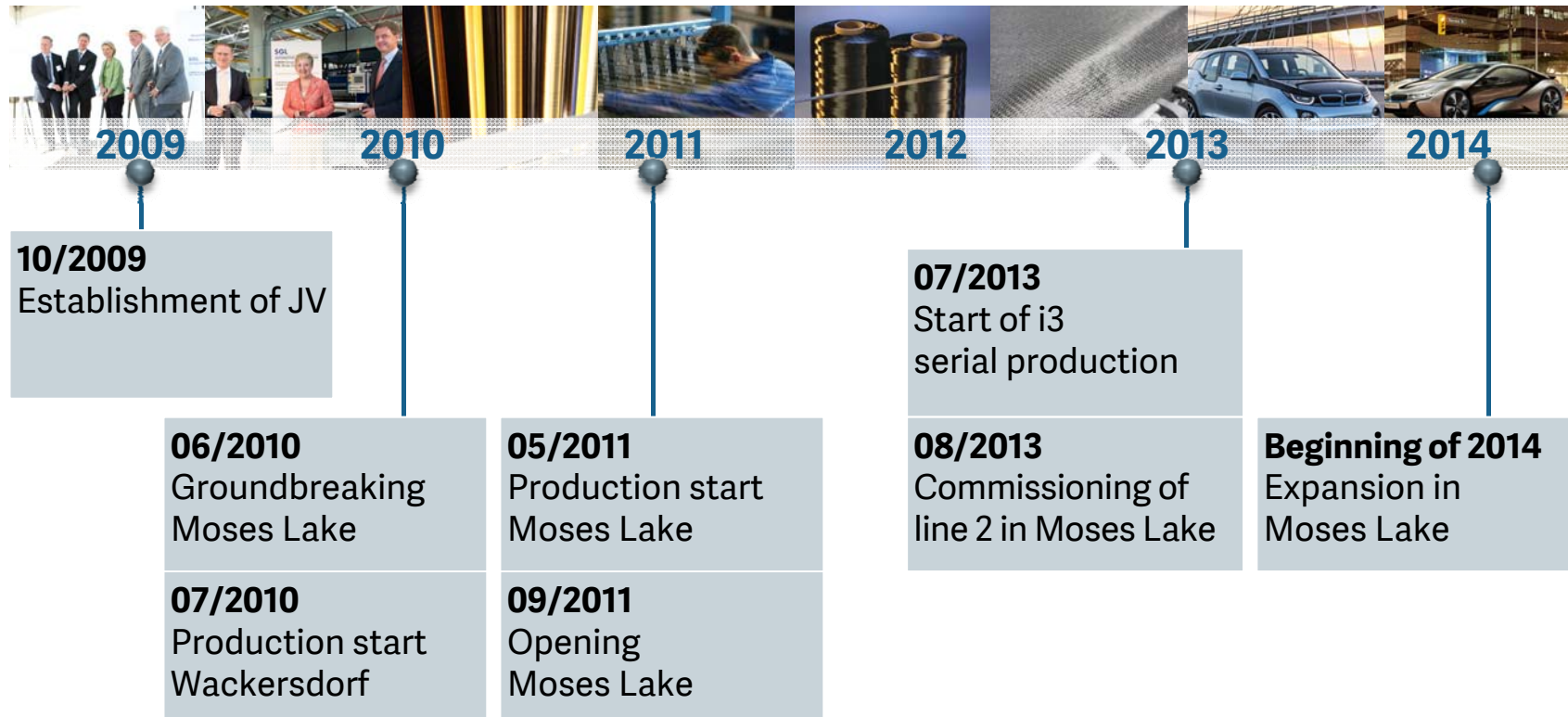
- Breakthrough in lightweight automotive construction: SGL ACF, Benteler SGL, Brembo SGL
- Record sales at SGL Kumpers due to high demand for carbon fiber materials

# Carbon in automotive construction. Joint Ventures are material substitution pioneers

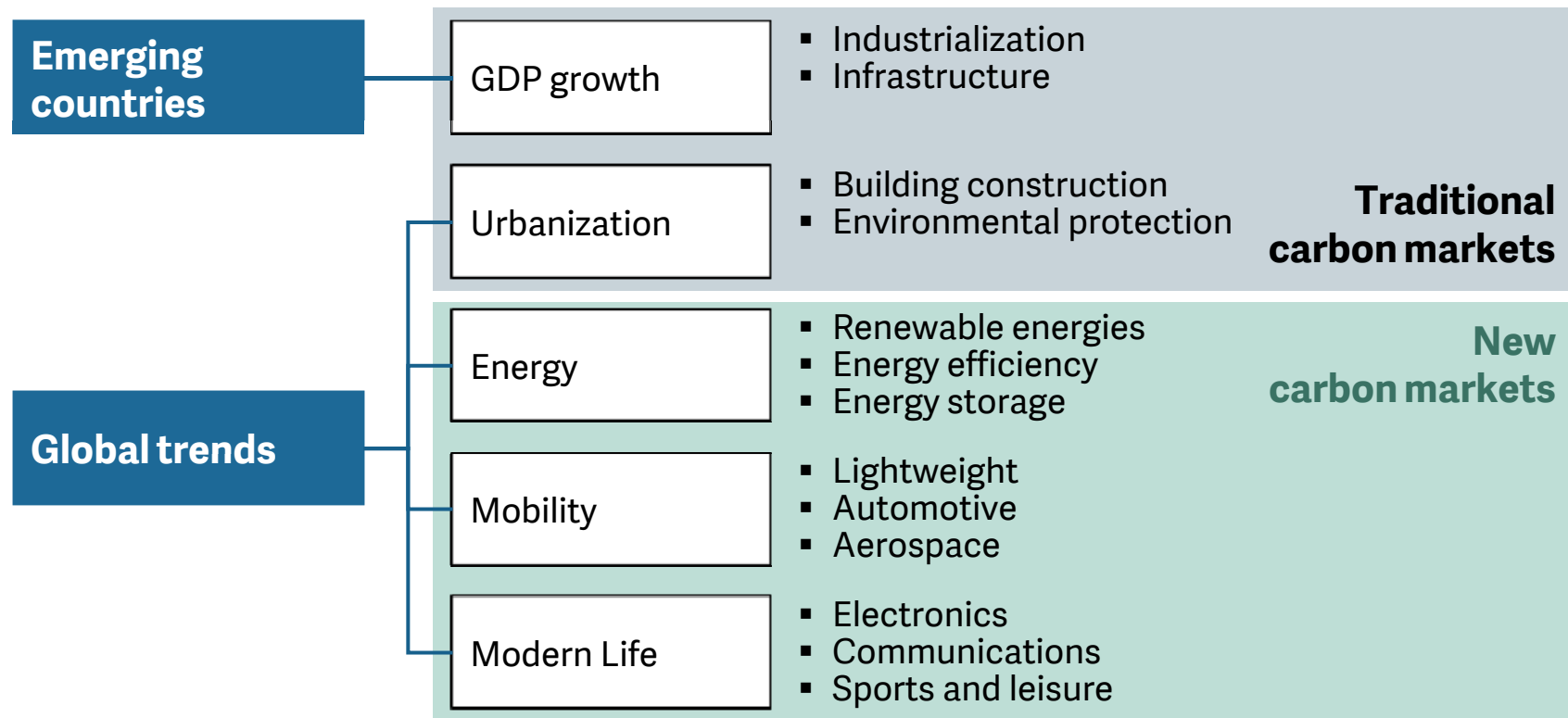




# Joint Venture with BMW. Innovation chronology



**Growth opportunities.** We are counting on global trends and the emerging countries as growth drivers



# Technology & Innovation.

Concentration on core areas of research



## Synthetic graphite

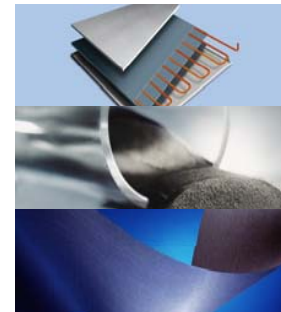
- Graphite electrodes
- Furnace linings
- Cathodes
- Graphite specialties



## Energy systems

Materials for:

- Lithium ion batteries
- Redox flow batteries
- Fuel cells
- Thermal management



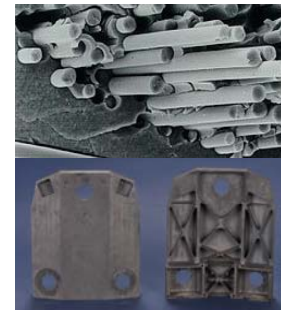
## Carbon fibers & composite materials

- Precursors
- Carbon fibers
- Duroplasts and thermoplasts



## Ceramic fibers & SiC composite materials

- C/SiC Ceramics
- SiC fibers
- Fiber reinforced ceramics



# SGL Group. Realignment guidelines



Thank you for your  
attention!

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