Broad Base. Best Solutions.

SGL GROUP
THE CARBON COMPANY

Investor & Analyst Conference Call

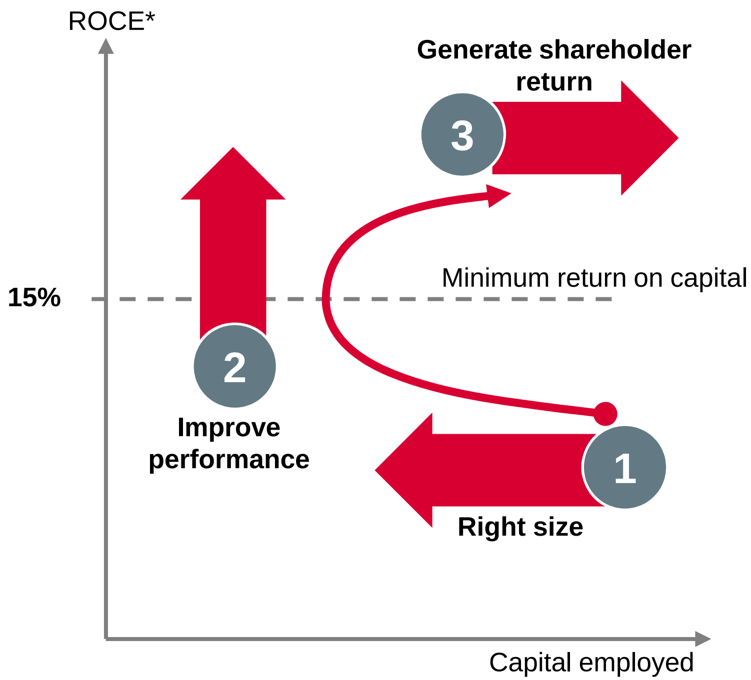
18 March 2015

Investor Relations

Agenda.

1. Review 2014
2. Financials 2014
3. Next steps
4. Outlook 2015

Review 2014. Cornerstones of strategic realignment defined



*EBITDA divided by capital employed

1) **Right size**
   SGL2015 asset and portfolio restructuring

2) **Improve performance**
   SGL2015 organizational restructuring
   SGL Excellence savings
   BU streamlining
   New process excellence initiatives

3) **Generate shareholder return**
   Define selective growth areas

Right size. Business and asset portfolio aligned with market and core competencies

Strategic Focus	Measures	Status
Asset restructuring ▪ Relocation, consolidation, closure ▪ Focus on cost competiveness	▪ Closure Lachute (Canada) ▪ Termination production Narni (Italy) ▪ Production network optimization in graphite specialties	✓ ✓ ✓
Portfolio restructuring ▪ Focus on material competence and target return on capital	▪ Divestment rotor blade activities (former SGL Rotec) ▪ Divestment of Hitco progressing ▪ **New: Termination Joint Venture SGL Lindner**	✓ Ongoing Decided

Improve performance. Manifold efficiency measures lead to optimized cost structures

Savings target increased from €150 million to €240 million in two steps

SGL2015 measure	Savings targets	Status**
Operational improvements and SGL Excellence (e.g. raw material and energy costs)	~ €115 million	80%
Organizational restructuring (e.g. staff costs, indirect spend)	~ €60 million	90%
Divestments (Rotec, Hitco)	~ €15 million*	50%
Asset restructuring (e.g. Lachute, Narni)	~ €50 million	70%

*not included in reported savings; **December 31, 2014

Generate shareholder return. Stringent resource allocation to targeted areas

Selective growth investments

Increasing usage of lithium ion batteries, e.g. by the automotive industry, is boosting demand for our anode materials	Lightweight automotive construction requires more carbon fiber based materials, such as those supplied by SGL ACF	Profitable growth in high performance carbon fiber based materials is safeguarded by proprietary precursor from Fisipe

Growth from existing assets

Rapid substitution of traditional with carbon fiber materials, e.g. in the wind industry, is increasing demand for carbon fibers	Structural growth in solar, LED, and semiconductor industry results in greater consumption of isostatic graphite	Demand for graphite electrodes will rise as scrap steel becomes increasingly available	Demand for cathodes is increasing as new aluminum smelters are constructed

Cultural transformation. Key prerequisite for successfully implementing change

- New Board of Management with new management style
- New KPI targets provide clear measurability of success
- New incentive schemes implemented with new remuneration system aligns all management personnel to Board of Management
- New cost awareness on all levels
- Introducing process excellence initiatives

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Performance Products. Impacted by price decline in graphite electrodes

in € million	2014	2013
Sales revenue	588.2	755.9
EBITDA before non-recurring charges*	65.1	110.2
EBIT before non-recurring charges*	26.0	69.4
EBIT-Margin before non-recurring charges* (in %)	4.4	9.2
EBIT	5.6	9.9

- **Sales revenue** (-22 %, no currency effect) and recurring EBIT (-63%) strongly impacted by price decline in graphite electrodes
- However, quarter-on-quarter, EBIT shows improvement in Q4 resulting from better volumes and implemented cost reduction initiatives
- Asset restructuring completed: Closure of graphite electrode plant in Lachute (Canada) completed at the end of Q1/2014. GE production of Narni (Italy) plant phased out during H1/2014 and finally terminated in H2/2014.
- **SGL2015 savings** €48.1 million, thereof €10.8 million from SGL Excellence

* Non-recurring charges of €20.4 million in 2014 and €59.5 million in 2013

Graphite Specialties. Growing anode materials, big ticket order, and moderately better order intake

in € million	2014	2013
Sales revenue	345.5	296.7
EBITDA before non-recurring charges*	49.7	32.6
EBIT before non-recurring charges*	29.9	15.9
EBIT-Margin before non-recurring charges* (in %)	8.7	5.4
EBIT	29.8	11.3

- **Sales revenue** up 16% (currency adjusted 20%)
  - Mainly driven by big ticket order in H1/2014 and continued strong demand for anode materials for Li-ion-batteries. Order intake in remaining businesses showing signs of stabilization to slight volume improvements
- Recurring **EBIT** nearly doubled (+88%) due to improved order situation leading to higher utilization rates, particularly in H1
- **SGL2015 savings** €14.3 million, thereof €8.0 million from SGL Excellence

* Non-recurring charges of €0.1 million in 2014 and €4.6million in 2013

Carbon Fibers & Materials. Improvement despite higher start up losses as SGL ACF

in € million	2014	2013**
Sales revenue	296.4	251.5
EBITDA before non-recurring charges*	-8.8	-14.7
EBIT before non-recurring charges*	-22.5	-27.5
EBIT-Margin before non-recurring charges* (in %)	-7.6	-10.9
EBIT	-33.0	-70.1

- **Sales revenue** increased by 18 % (no currency effects)
  - Significantly increased sales contributions from our proportionally consolidated joint ventures with BMW Group (51% share)
  - CF/CM benefited from strong demand from the wind energy sector
- Recurring **EBIT** increased by 18%
  - Operating loss at CF/CM reduced by one-third due to better volumes and thus utilization. However, earnings situation in CF/CM still impacted by global overcapacities in carbon fiber production.
  - Partially offset by higher ramp-up costs for carbon fiber capacity expansion in Moses Lake and Wackersdorf (joint ventures with BMW Group)
- **SGL2015 savings** €6.2 million, thereof €3.9 million from SGL Excellence

* Non-recurring charges of €10.5 million in 2014 and €42.6 million in 2013

** BaFin corrections reflected in financial statements as at December 31, 2014. All comparative figures 2013 restated.

Corporate & Others. Strong reduction in corporate costs partially offset by planned lower PT contribution

in € million	2014	2013**
Sales revenue	105.5	118.5
EBITDA before non-recurring charges*	-21.9	-25.3
EBIT before non-recurring charges*	-30.7	-35.0
EBIT-Margin before non-recurring charges* (in %)	-29.1	-29.5
EBIT	-50.9	-51.1

- **Sales revenue** declined by 11 % (no currency effects), due to
  - Planned lower sales contributions from the BU Process Technology (PT). In the prior year, PT benefited from the execution of a big ticket order in China.
- Recurring **EBIT** increased by 12%
  - Strong reduction in corporate costs resulting from SGL 2015
  - Partly offset by scheduled lower PT profit contributions
- **SGL2015 savings** €19.2 million, thereof €2.2 million from SGL Excellence

*Non-recurring charges of €20.2 million in 2014 and €16.1 million in 2013

** BaFin corrections reflected in financial statements as at December 31, 2014. All comparative figures 2013 restated.

Group. Price decline in graphite electrodes impacts overall performance

in € million	2014	2013*
Sales revenue	1,335.6	1,422.6
EBITDA before non-recurring charges	84.1	102.8
EBIT before non-recurring charges	2.7	22.8
Non-recurring charges	-51.2	-122.8
EBIT	-48.5	-100.0
Results from investments accounted for At-Equity	-6.4	-9.0
Net financing result	-49.5	-52.1
Results from continuing operations before income taxes	-104.4	-161.1
Consolidated net result attributable to the shareholders of the parent company	-247.0	-317.0
EPS, basic and diluted (in €)	-3.26	-4.47

- Sales, EBITDA and EBIT declines relate mainly to lower prices in PP
- Cost savings of €88 million from SGL2015 in 2014, of which €25 million attributable to SGL Excellence
- Significant improvement in result from investments accounted for At-Equity mainly due to Brembo SGL
- Net financing result reflects a €9.6 million gain from the imputed interest component of the 2009/2016 convertible
- Net result and EPS 2014 includes loss from discontinued operations totaling €119.2 million relating to HITCO

* BaFin corrections reflected in financial statements as at December 31, 2014. All comparative figures 2013 restated.

Balance sheet. Improvement reflects October 2014 capital increase

in € million	31.12.2014	31.12.2013*
Total assets	2,170.3	2,059.1
Equity ratio (in %)	26.2	29.5
Total liquidity	347.5	235.1
Net financial debt	389.9	491.1
Gearing (net debt/equity)	0.69	0.81

* BaFin corrections reflected in financial statements as at December 31, 2014. All comparative figures 2013 restated.

Free cash flow. Negative due to capex for SGL ACF and cash out for SGL2015 measures

Continuing operations in € million	2014	2013**
Cash flow from operating activities	17.4	161.6
Capital expenditures in property, plant and equipment and intangible assets	-132.6	-117.0
- thereof SGL ACF	*-70.0*	*- 25.1*
- thereof SGL Group excluding SGL ACF	*-62.6*	*-91.9*
Cash used in other investing activities*	-6.1	-2.7
Free cash flow	-121.3	41.9

"Recurring" free cash flow break even:

Reported free cash flow	**-121 million**
Capex SGL ACF	70 million
SGL2015 cash out***	53 million
"Recurring" free cash flow	**2 million**

* Payments for capital contributions in investments accounted for At-Equity and other financial assets, proceeds from sale of intangible assets and property, plant and equipment
** BaFin corrections reflected in financial statements as at December 31, 2014. All comparative figures 2013 restated
*** and other non recurring payments

Solidly financed. Capital increase in October 2014 restores balance sheet metrics

SGL Group successfully prolonged maturity profile in December 2013	▪ €250 million Corporate Bond at 4.875% (maturity 2021) ▪ €200 million credit facility, undrawn (maturity 2017)
Supported by previously issued debt instruments (June 2009 and April 2012)	▪ €134.7 million* Convertible Bond at 3.5%, adjusted conversion price of €27.2959 (maturity 2016) (originally €190 million prior to conversion) ▪ €240 million Convertible Bond at 2.75%, adjusted conversion price of €40.9598 (maturity 2018)
SGL Group has solid balance sheet ratios and liquidity post the October 2014 capital increase	▪ Equity ratio: 26% ▪ Gearing 0.69 ▪ Total liquidity: €347.5 million

Solid despite temporary earnings deterioration

* as of February 28, 2015

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Where we stand.

Targets announced with strategic realignment		Status at year end 2014:
$ROCE_{EBITDA}$	≥ 15%	5.9%
Gearing (net debt/equity)	~ 0.5	0.69
Equity ratio	> 30%	26%
Net $result_{continuing\ operations}$	positive	minus €128 million
Leverage ratio (net debt/EBITDA)	< 2.5	4.6
Free cash $flow_{continuing\ operations}$	positive	minus €121 million

We have substantially outperformed with SGL2015 in terms of execution and savings

But, as anticipated, target achievement is a way ahead

However, we do have a defined roadmap for returning to profitable growth

Challenge. Levers to improve ROCE

$$\text{ROCE} = \frac{\text{EBIT(DA)}}{\text{Capital Employed}}$$

Levers to improve ROCE

Improve EBIT(DA):

NEW ! Commercial process optimization

- Increase price
- Increase sales volume
- Reduce costs (raw materials, indirect spend, …)

ONGOING: SGL Excellence, SGL2015

Reduce Working Capital (short term):

- Inventory: minimize inventory level
- Receivables: improve customer payment terms
- Payables: longer payment terms with suppliers

NEW ! Working capital process optimization

Reduce Asset Base (mid term):

- Limit investments: use existing assets, outsourcing,

ONGOING: Asset and portfolio optimisation

Business Process Excellence (BPX). New Groupwide program introduced

- Target is to **streamline** and **standardize** cross-BU processes
- Utilization of **standardized IT solutions** (SAP)
- After implementation phase BPX will become part of **SGL Excellence**
- Focus on **procurement, supply chain** and **sales organization**
  - **Procurement -** ongoing procurement optimization project launched under SGL2015 to be integrated and continued. Initial savings already achieved in transportation, packaging, office supplies and maintenance. *Target: reduce procurement costs and improve profitability*
  - **Supply chain –** improve alignment between all stages of the supply chain, from sales to procurement to production, etc. *Target: improve supply chain process to further reduce net working capital*
  - **Sales organization –** implementation of uniform CRM system, development of new Groupwide standards and best practices for optimized customer and market approach. *Target: generate additional, profitable sales*
- External consultant to be appointed for "outside-in" view and for project set up phase
- Recently implemented: **more stringent investment process** – see next page

More stringent investment process. We have introduced more discipline in capex spending

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Budgeting	▪ Budget decided on by the BoM (strategy defines investments)
Project Planning	▪ **Professional project manager from Central Engineering** ▪ BUs remain in charge of Business Case
Approval	▪ Approval by the BoM ▪ **Stronger challenging of business assumptions**
Execution & Monitoring	▪ **Project execution by Central Engineering** ▪ **Independent project controlling** ▪ **Quarterly Monitoring and review by the BoM**
Review	▪ **Post project audit intensified to capture learnings and evaluate performance**

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SGL Group in 2015. Organization streamlined to three from five business units

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Performance Products (PP)	Graphite Materials & Systems (GMS)	Carbon Fibers & Composite Materials (CF/CM)*
Graphite electrodes Carbon electrodes Cathodes Furnace linings	Graphite specialties Process technology	Carbon fibers Composite materials

Corporate Functions & Service Centers

Technology & Innovation (T&I)

SGL Excellence (SGL X)

Main JVs

- SGL ACF*
- Brembo SGL
- Benteler SGL

Joint Venture Partners

*CF/CM and 51% of SGL ACF form Reporting Segment Carbon Fibers & Materials (CFM)

Business unit outlook 2015. Group EBIT improvement supported by all three business units

- **Performance Products** (PP): Small percentage increase in sales, substantial percentage increase in EBIT. Somewhat higher volumes may be offset by raw material induced price adjustments. Improvement mainly driven by SGL2015 and raw material cost reductions. Recent currency development supportive for EBIT
- **Graphite Materials & Systems** (GMS): Stable sales and EBIT despite non-recurrence of big ticket order. Strong demand from Li-ion-battery customers to continue, moderate demand improvement in other customer industries.
- **Carbon Fibers & Materials** (CFM): Small percentage increase in sales and significant improvement in EBIT. Better volumes in both CF/CM and SGL ACF may be partially offset by crude oil based pricing of Fisipe acrylic fibers. EBIT improvement based on overall improved demand and lower start up costs at SGL ACF in H2
- **Corporate:** Stable on lower (SGL2015 related) base and despite consulting costs for new efficiency improvement projects

Group outlook 2015. Net profit should benefit from improved EBIT and lower restructuring expenses

- Full year **Group sales** to remain stable even if lower raw material prices are partially passed on to customers
- **Group recurring EBITDA and EBIT**: substantial percentage increase, with H2 expected stronger than H1 (time lag of raw material cost relief, SGL ACF ramped up in H2)
- **SGL2015:** mid double digit million € **savings.** As most SGL2015 measures implemented, only single digit million € **restructuring expenses** remain**.** Mid double digit million € **restructuring cash- out**
- **Net result** to improve due to better EBIT and lower restructuring expenses but remaining in negative territory
- **Capex** for the first time in many years to decrease to D&A level of approx. €90 million despite continued high capex in H1 for SGL ACF
- **Free cash flow**: operational improvement to be partially offset by planned restructuring cash out and in H1 continued high capex for SGL ACF, leading to increased **net debt**
- **ROCE** to improve in line with improvement in EBIT and EBITDA

2015 negative free cashflow more than proportionately skewed to Q1

- Q1 typically shows a high working capital buildup
- This development is more pronounced in 2015, as Q4/2014 benefited, for example, from certain premature prepayments of customers, which had been scheduled for Q1/2015
- In addition, SGL2015 cash out – particularly related to Narni effective in Q1
- SGL ACF finalizes expansion in Moses Lake in H1/2015, associated high capex in Q1
- Non recurring cash out for USD hedges relating to USD denominated intercompany loans to US subsidiary and HITCO (resulting mainly from writedown on HITCO book value)

→ **Almost the entire 2015 negative free cash flow will be effective in Q1 – remaining nine months should be more or less cash neutral**

SGL Group in 2015. Strategic realignment will continue

- **SGL2015** savings target increased in €240 million
- **Business Process Excellence**: implementation of initiatives
  - – Commercial process optimization (sales approach, contractual optimization, payment terms)
  - – Working capital process optimization (all aspects)
  - – More stringent investment process
- **Asset and portfolio optimization** ongoing
  - – Discontinuation of SGL Lindner JV in decided in Q1
  - – Further news flow to follow in next months

→ Strengthening the foundation for returning to profitable growth !

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Thank you for your attention !

Your questions, please