



2021 Results

Investor & Analyst Conference Call

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Thomas Dippold (CFO)

Wiesbaden | March 24, 2022



Agenda

1. Results 2021
2. Restructuring Program
3. Challenges
4. Outlook 2022
5. Mid-Term Plan
6. Summary
7. Backup

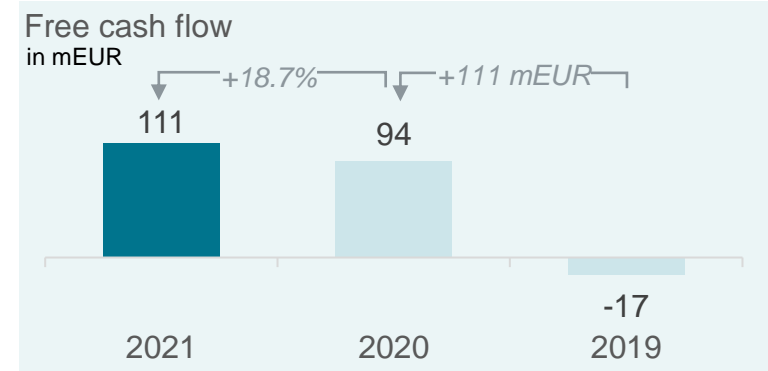
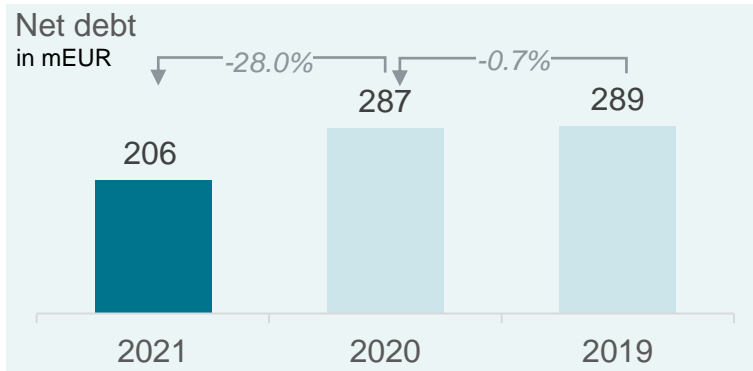
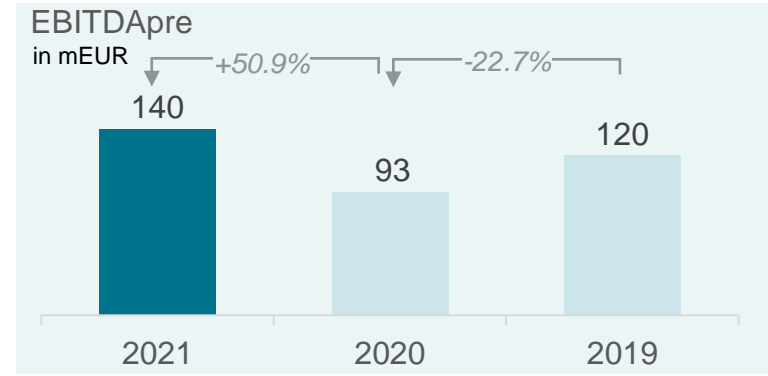
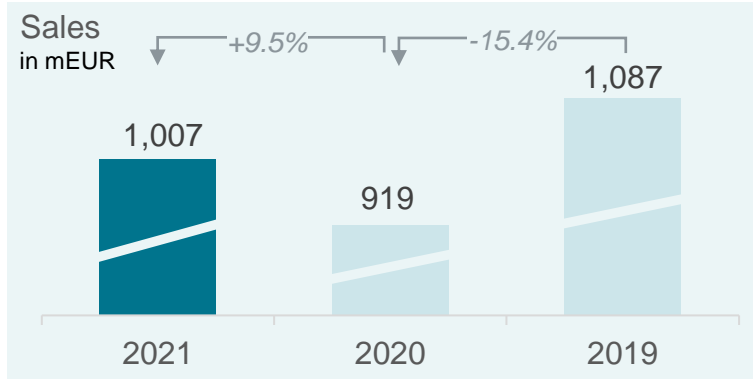
2021: Significant year-on-year increase in business supported by transformation success

Financials		Business		Outlook
1,007.0 mEUR Group sales. 9.5% up – driven by rising demand in our key markets	Equity Ratio at 27.0% (31.12.2020: 17.5%)	Restructuring program successfully on track	Encouraging development in LED and semiconductors business	Effects of the war in Ukraine, which are difficult to assess, led to an adjustment of risk and forecast estimates
Significant recovery of EBITDApre with increase of 47.2 mEUR (+50.9%) to 140.0 mEUR	206.3 mEUR net financial debt. Further reduction by 28.0% since YE 2020	Price increases & tight availability for raw materials, energy and transport	Chip shortage in automotive showed only little impact in 2021	Guidance 2022: Sales on previous year level EBITDApre between 110 – 130 mEUR

1 Results 2021

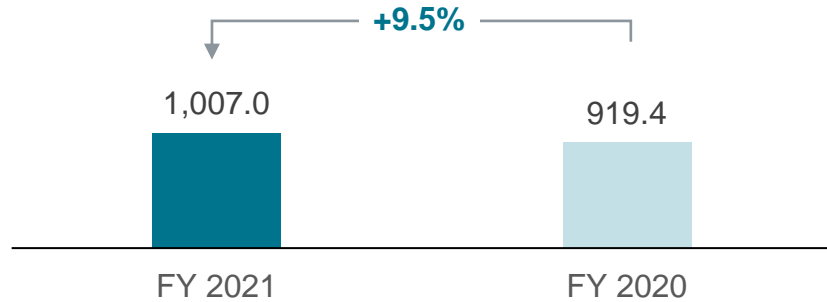
„Increased guidance achieved“

2021: Significant year-on-year increase in business supported by transformation success

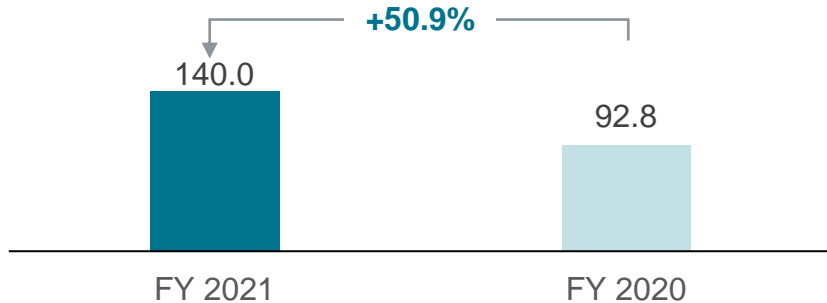


SGL Carbon – Profitability growth exceeds sales growth

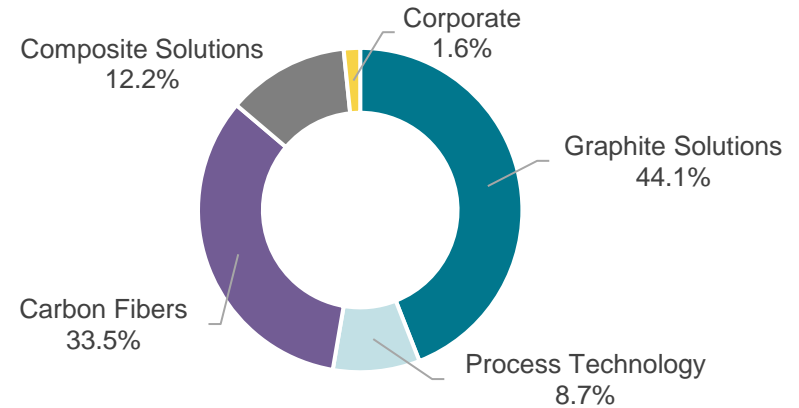
Sales (in mEUR)



EBITDApre (in mEUR)



Sales split (in %)

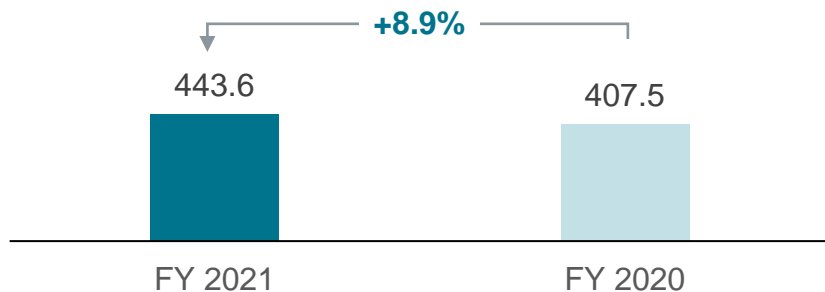


Key developments

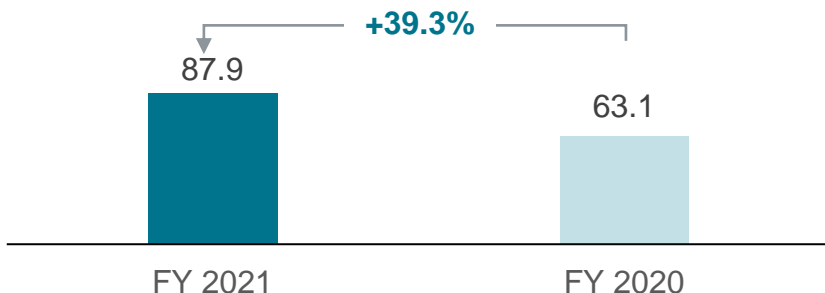
- Significant sales plus in GS (+36.1 mEUR), CS (+33.9 mEUR) and CF (+33.3 mEUR)
- Sales growth and transformation achievements lead to strong earnings improvement

Graphite Solutions (GS) – Semiconductor strong

Sales (in mEUR)



EBITDApre (in mEUR)



Key developments

Sales

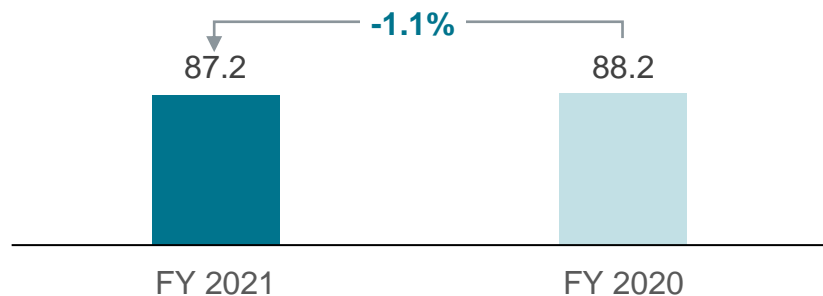
- Main driver: Semiconductor & LED sales increase by 33% yoy
- Automotive and Chemicals also supportive
- Industrial recovering in H2 2021

EBITDApre

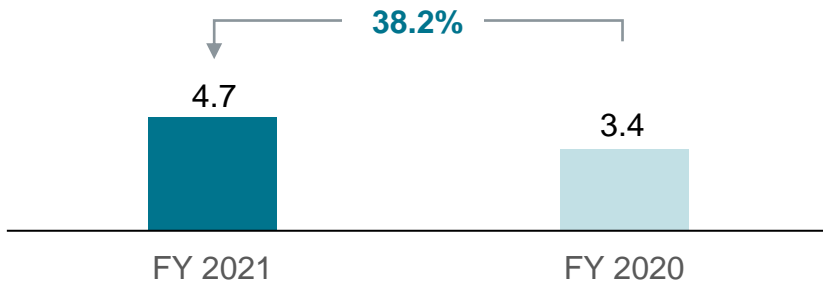
- Positive effects due to higher volumes as well as product/mix changes. Further support from savings.
- Slightly negative effect esp. in H2 2021 due to higher labor costs (capacity peaks) and raw material prices

Process Technology (PT) – Demand remains on prior year level

Sales (in mEUR)



EBITDApre (in mEUR)



Key developments

Sales

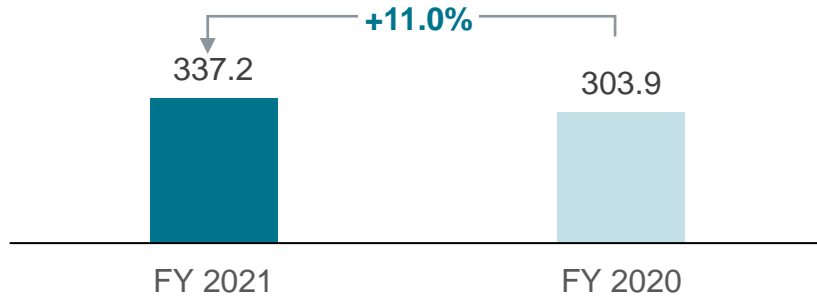
- Pandemic-related slight sales decline in H1 2021; recovery in H2 2021 not able to reach prior year level
- Demand from main customer chemical industry remains weak

EBITDApre

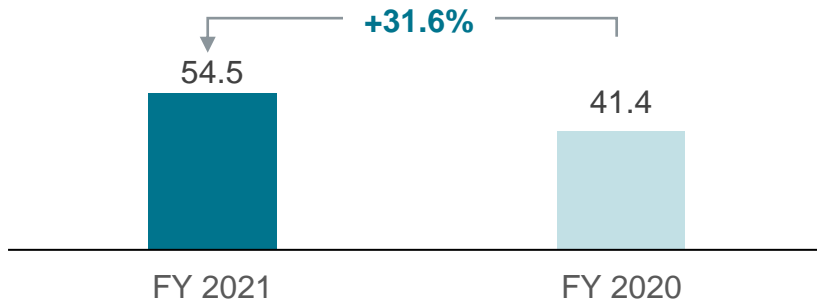
- Despite lower utilization and rising raw material costs, profitability increased due to cost savings initiatives

Carbon Fibers (CF) – Strong profitability improvement

Sales (in mEUR)



EBITDApre (in mEUR)



Key developments

Sales

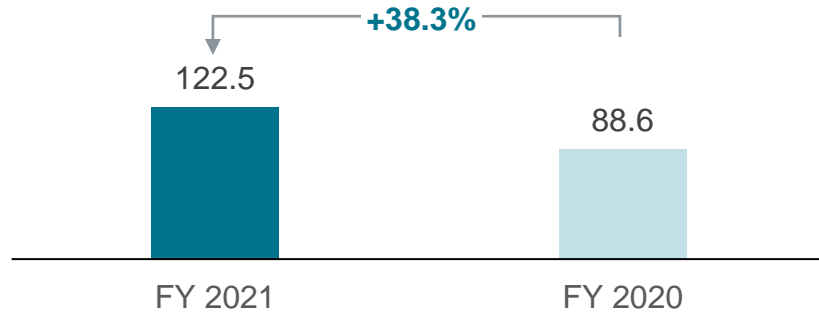
- Strong topline due to higher demand from nearly all market segments
- Automotive strong
- Rising demand from wind industry cannot be fully served for capacity reasons

EBITDApre

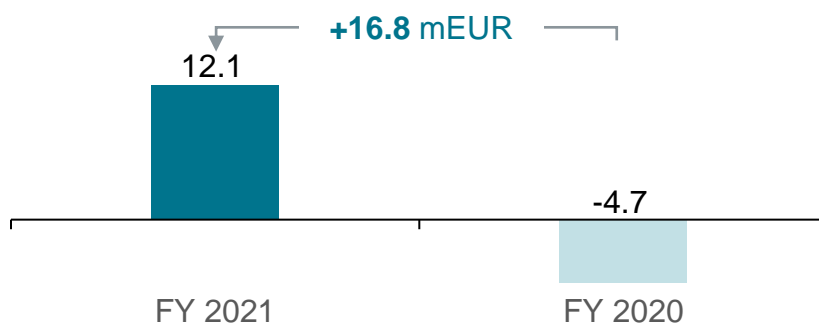
- EBITDApre increase due to improved asset utilization at reduced cost
- Partial transfer of energy cost increases to customers
- Results BSCCB JV 16.0 mEUR (2020: 10.0 mEUR)

Composite Solutions (CS) – Strong growth driven by automotive

Sales (in mEUR)



EBITDApre (in mEUR)



Key developments

Sales

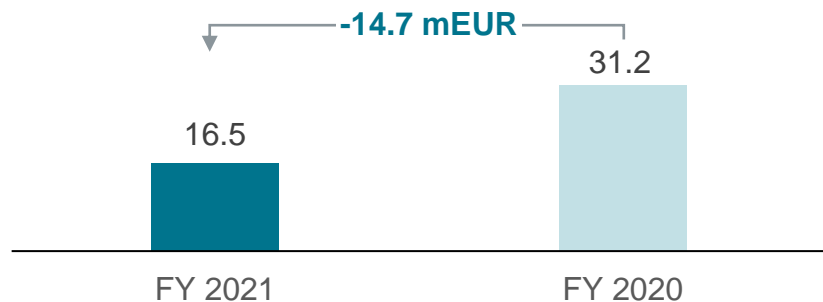
- Automotive with roughly 75% of BU sales being the main driver for growth
- Leaf springs and new projects for battery cases boost sales
- Pandemic-related catch-up effects

EBITDApre

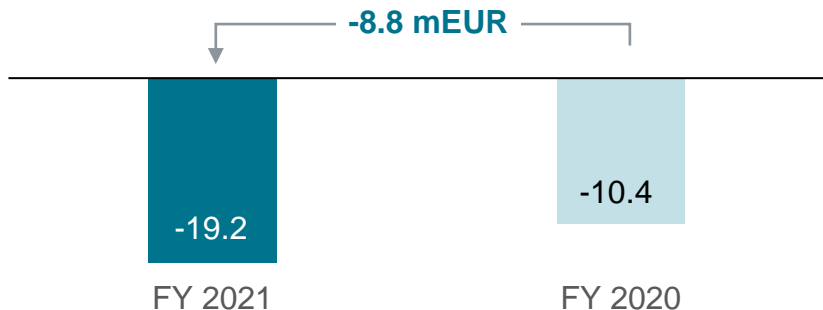
- Higher capacity utilization, automatization and cost savings drive earnings
- Focus on high margin products

Corporate – Transformation into internal service provider

Sales (in mEUR)



EBITDApre (in mEUR)



Key developments

Sales

- Lower service fees to divested businesses
- Decrease in rental income due to sale of land and buildings not used for operations
- Prior year positively affected by termination fee (Showa Denko)

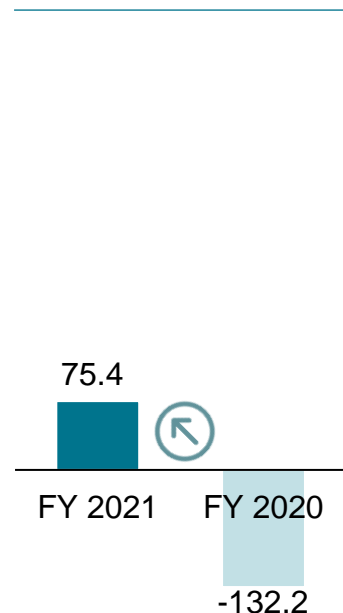
EBITDApre

- Negative impact from lower sales and higher expenses for variable incentive programs not fully compensated by savings from transformation

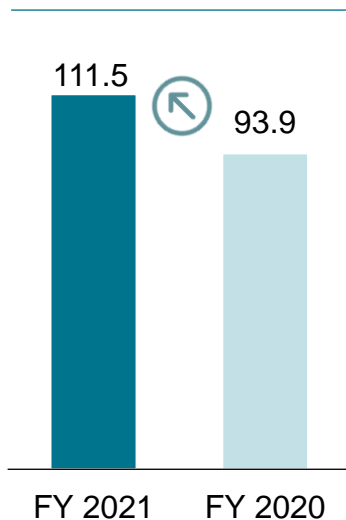
Focus on bottom line & cash pays off

Key figures (in mEUR)

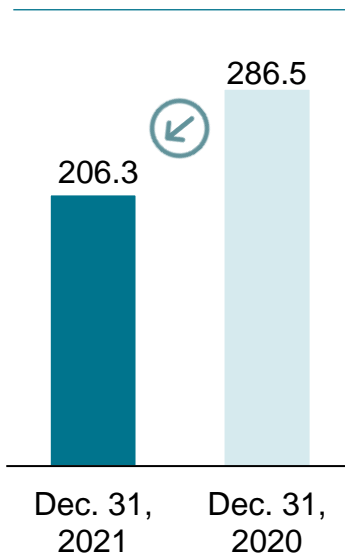
Net result*



Free cash flow (FCF)



Net financial debt



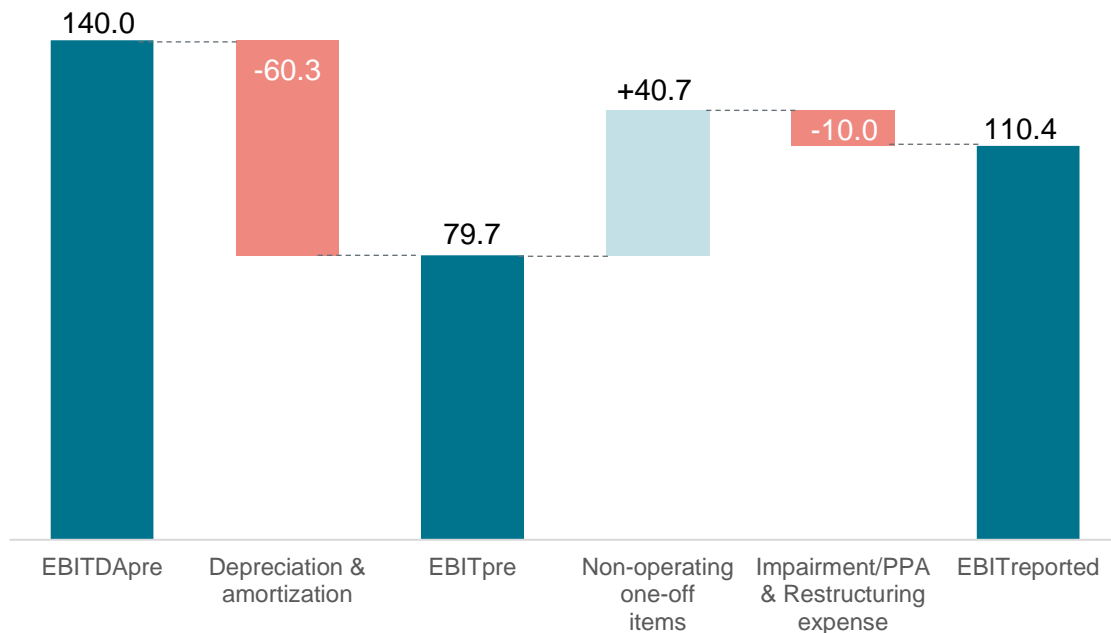
Key developments

- **Net result:** significant turnaround
- **FCF** increased by 17.6 mEUR
 - op. CF at 114.4 mEUR (-9.8 mEUR)
 - inv. CF at -2.9 mEUR (+27.4 mEUR) (including inflow from land sales and BSCCB dividend)
- **Net financial debt** decreased by -28.0%
- **Equity ratio** increased 9.5 ppt to 27.0%
- **ROCE** with 8.0% significantly improved (2020: 1.8%)

* Net result (attributable to parent company shareholders)

Reconciliation between EBITDApre and EBIT

Non-recurring and one-off effects 2021 (in mEUR)

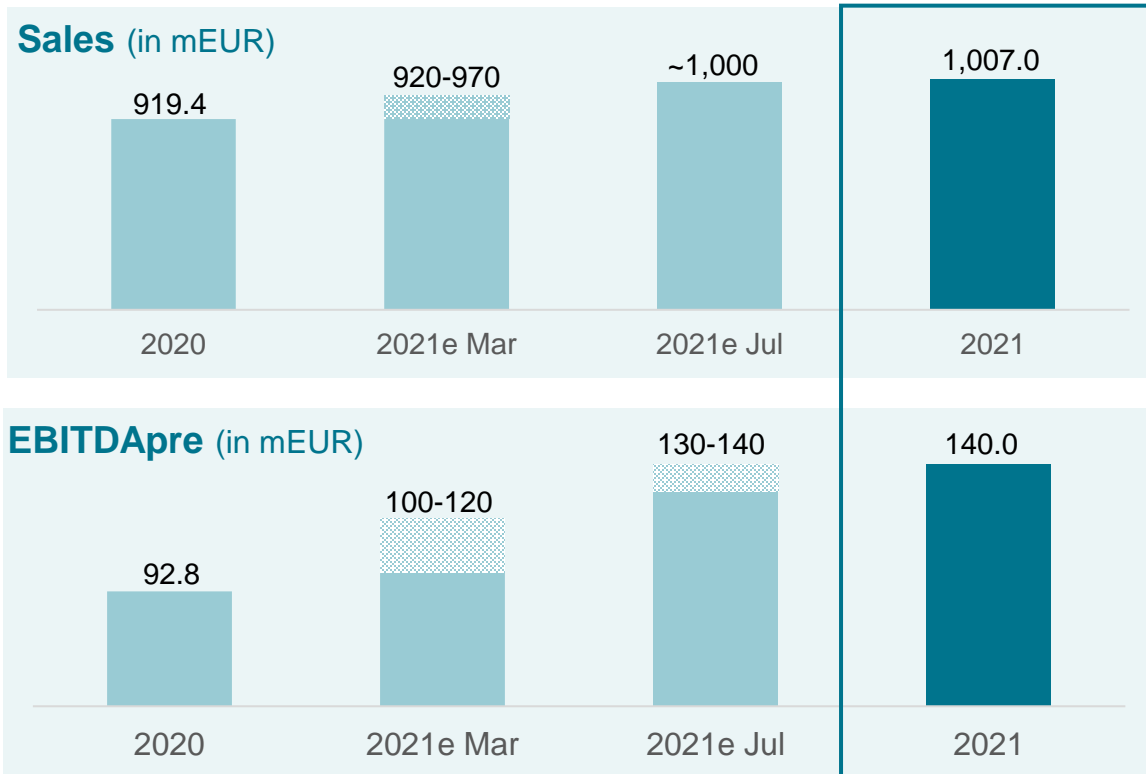


Non-operating effects

- In fiscal 2021, positive non-recurring items and one-off effects totaled 30.7 mEUR

	in mEUR
Land sales	19.7
Pension effects	18.2
Insurance	3.0
Others	- 0.2
	40.7
PPA & restructuring	-10.0
Total	30.7

All set targets for 2021 exceeded



2 Restructuring Program

“Transformation on track”

Transformation targets achieved

Status end of 2021

Transformation targets

Implementation of initiatives



> 700 initiatives

Cost savings



> €100 million

Reduction of personnel



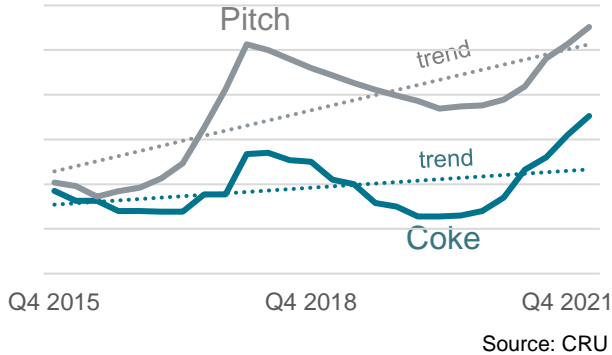
> 500 positions

3 Challenges 2022

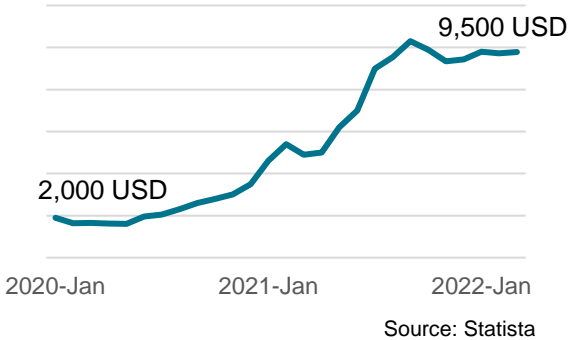
**“Operational challenges
manageable, geopolitical effects
difficult to predict“**

Input costs rising strongly

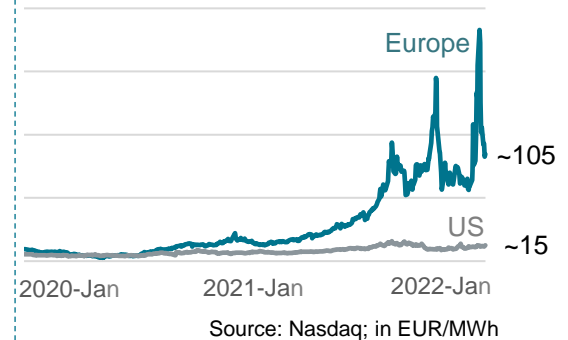
Raw material costs (e.g. Pitch/Coke)



Global container freight rates



Natural gas price



Key developments

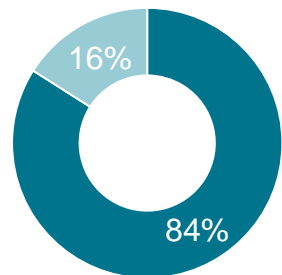
- Higher raw material prices
- Risk of supply chain disruption
- SGL benefits from long-term contracts

- Container rates quintupled since early 2020
- Availability volatile

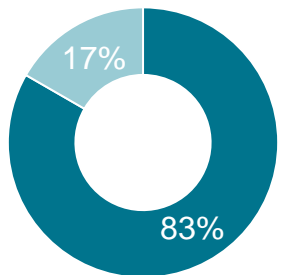
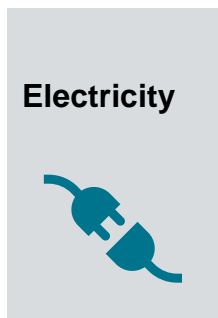
- Significant gas price volatility in Europe due to Ukraine war
- Strong efforts to pass-over to customers
- Increase of hedging

More than 80% of SGL's 2022 energy consumption is hedged

Hedging 2022 as of March 2022 (GWh)



■ Hedged ■ Unhedged



■ Hedged ■ Unhedged

Key messages

- Energy demand secured in all countries to large extent
- SGL Carbon can run production throughout 2022 on forecasted level
- Energy costs increase needs to be passed on to customers

4 Outlook 2022

“Solid - based on existing business, but possible effects of the war in Ukraine led to an adjustment of risk and forecast assessment“

Current drivers and challenges - SGL is well prepared

Drivers



- Strong demand in almost all market segments and full order entry books
- Growth potential in semiconductor and renewable energy industry
- Ramp-up of high-margin automotive contracts
- High price elasticity to pass on price increases to customers
- Cost savings from transformation

Risks



- Raw material prices & availability
- Energy price development
- Expiry of BMW i3 contract mid of 2022
- Shutdowns on customer side
- Global economic slowdown

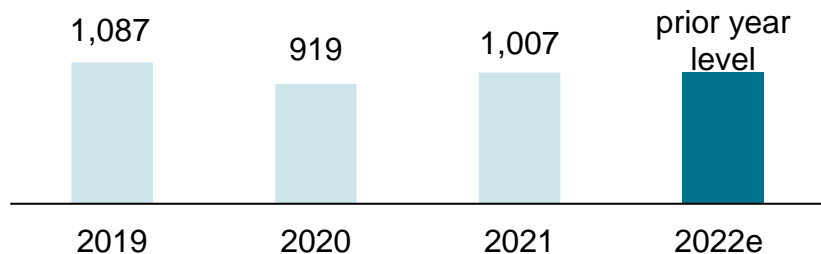
Mitigation:
multiple sourcing strategy

Mitigation:
>80% hedged

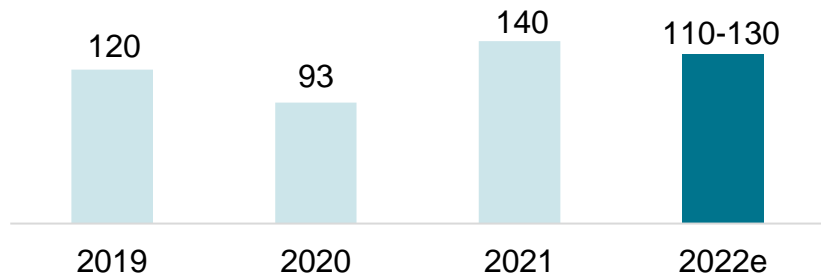
Mitigation:
shift of capacities to wind energy

Stable sales, but earnings outlook impacted by effects of Ukraine war

Sales (in mEUR)



EBITDApre (in mEUR)



Key drivers and effects

Sales

- Focus on existing business in growth markets such as semiconductors, electromobility and renewable energies
- Potential shutdowns on customer side and sustained slowdown of world economy not considered

EBITDApre

- Margin over volume strategy
- Expiry of BMW i3 contract mid of 2022 and compensation by lower-margin wind energy
- Cost pressure due to higher prices for raw materials
- Higher energy prices but secured with hedges

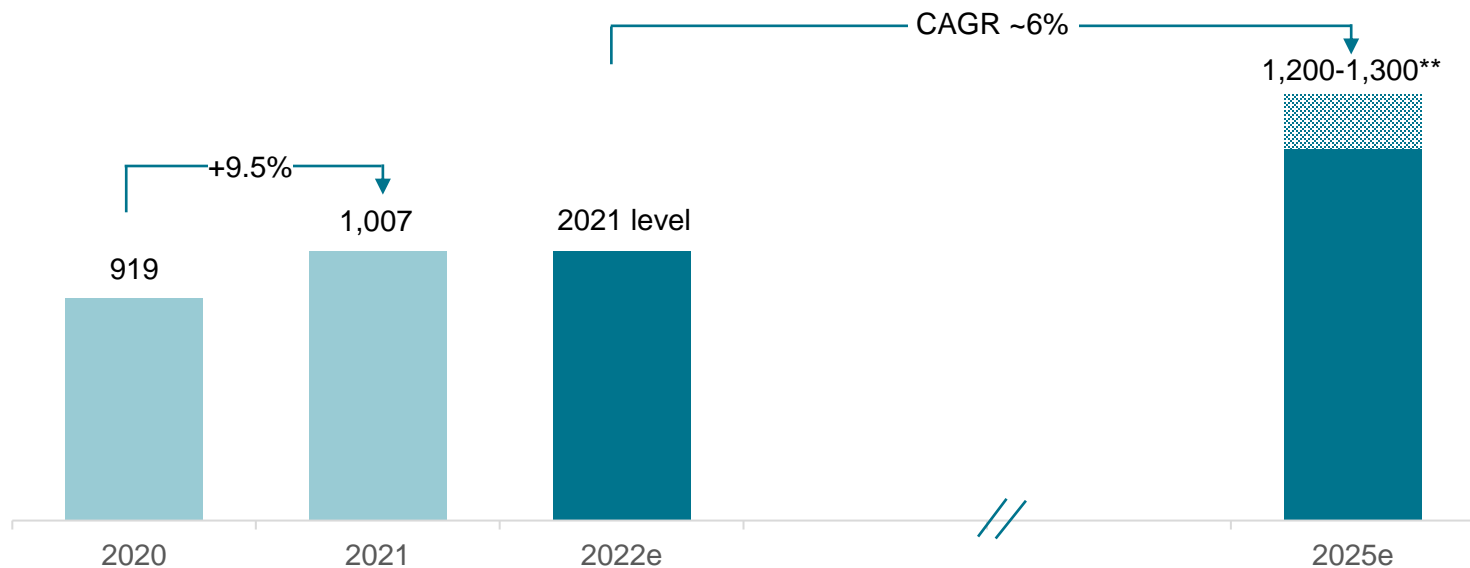
5 Mid-term Plan

“Mid-term planning remains unchanged“

Parts of the expected sales and earnings growth in 2022 already realized in 2021

Group sales & EBITDA margin, 2020 - 2025

Group sales
in mEUR



EBITDApre-margin*
in % of sales

Year	EBITDApre-margin* (in % of sales)
2020	10.1%
2021	13.9%
2022e	11-13%
2025e	15-18%

* Excluding one-off effects, i.e. land sale; ** excluding any large future projects

6 Summary

“Significantly better financial basis to meet emerging challenges – mid-term outlook on track“

Key Messages - drivers and challenges

1. Development in 2021 exceeded our expectations.
2. Termination of i3-contract considered in outlook 2022. Full capacity utilization planned for wind energy.
3. Higher prices for raw materials, energy and transport. Hedged prices secure production. Continued price increases.
4. Uncertainties due to potential shutdowns on customer side and slowdown of world economy.
5. Mid-term outlook unchanged.



Q&A

We are looking forward to your questions

Financial calendar and IR contact details

Financial calendar

May 5, 2022

- Quarterly statement as of March 31, 2022
- Conference call for analysts and investors

May 17, 2022

- Annual General Meeting

August 4, 2022

- Report on the first half year 2022
- Conference call for analysts and investors

November 3, 2022

- Statement on the nine months 2022
- Conference call for analysts and investors

Contact

Investor Relations

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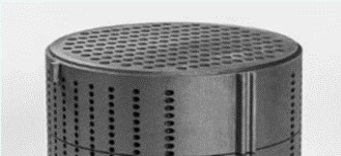

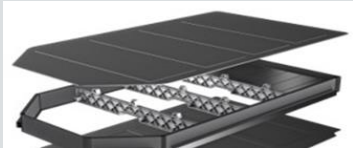
Phone: +49 611 6029-103

E-mail: Investor-Relations@sglcarbon.com

www.sglcarbon.com

7 Backup

Outlook 2022 on Business Unit level

	Graphite Solutions	Process Technology	Carbon Fibers	Composite Solutions
				
Sales	slight increase	significant increase	stable	slight increase
EBITDApre	significant increase	significant increase	significant decrease	stable
Growth & profitability driver	<ul style="list-style-type: none"> ▪ Automotive ▪ Semiconductors ▪ Graphite for Lithium-ion batteries 	<ul style="list-style-type: none"> ▪ Catch-up of demand in the chemical industry ▪ Recovery of order intake 	<ul style="list-style-type: none"> ▪ Expiry of BMW i3 mid 2022 ▪ Wind energy ▪ Uncertainties energy price development 	<ul style="list-style-type: none"> ▪ Automotive ▪ Electromobility

Net result turned positive

Group income statement (in mEUR)

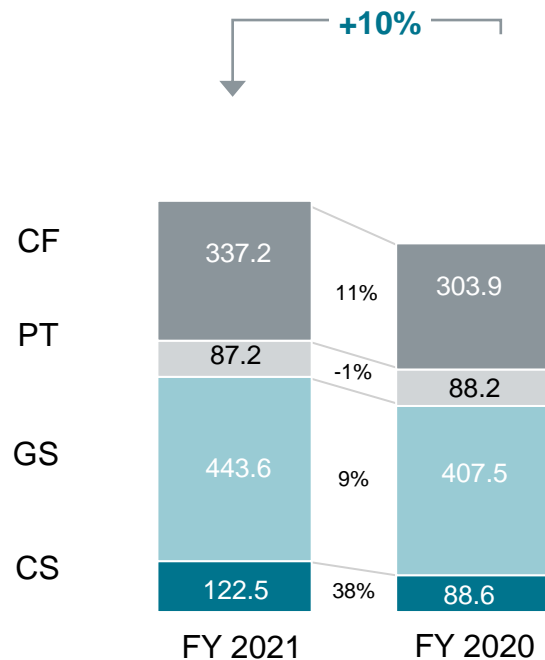
	FY 2021	FY 2020
Sales	1,007.0	919.4
EBITDApre	140.0	92.8
EBITpre	79.7	19.5
Exceptionals	30.7	-113.2
EBIT	110.4	-93.7
Financial result	-28.3	-29.4
Results from continuing operations before income taxes	82.1	-123.1
Income tax expense and non controlling interests	-6.7	-9.1
Net result attributable to shareholders	75.4	-132.2

Key developments

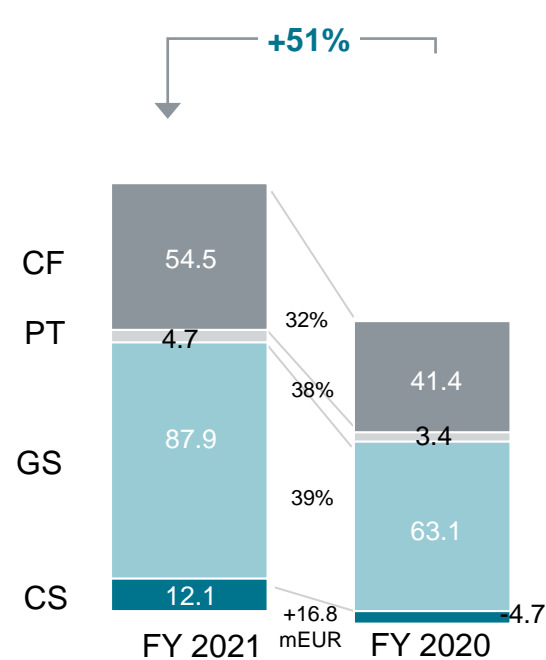
- Sales +9.5%
 - Recovery of demand in key markets
- EBITDApre +50.9%
 - Higher sales, higher utilization
 - Product mix
 - Success of transformation program
- EBITpre quadrupled
- Net result turned significantly positive and reached high mid double-digit mEUR

Business unit performance FY 2021 vs. FY 2020

Sales* (in mEUR)



EBITDApre* (in mEUR)



*Without Corporate Business Unit

Getting better and better step-by-step

Key figures and ratios (in mEUR)

	31.12.2021	31.12.2020
Total liquidity	220.9	141.8
Net financial debt	206.3	286.5
Leverage ratio (net debt/EBITDApre)	1.5	3.1
Equity ratio (in %)	27.0	17.5
	FY 2021	FY 2020
ROCE _{EBITpre} (in %)	8.0	1.8

Cash flow (in mEUR)

	FY 2021	FY 2020
Cash flow from operating activities	114.4	124.2
<i>Capex</i>	-50.0	-55.8
Cash flow from investing activities	-2.9	-30.3
Free cash flow (continuing operations)	111.5	93.9

Key developments

- Balance sheet solid
- Decreased net financial debt due to increased liquidity
- Equity ratio increases by nearly 10 ppt
- ROCE improved significantly
- Capex below previous year
- Dynamic FCF development supported by land sales (30.6 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 no historical facts, but rather 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.