Q4 2023 Results

February 14, 2024

NYSE: EAF
www.graftech.com

GrafTech International

Forward-Looking Statements

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This presentation and related discussions may contain forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our current views with respect to, among other things, financial projections, plans and objectives of management for future operations, and future economic performance. Examples of forward-looking statements include, among others, statements we make regarding future estimated volume, pricing and revenue, anticipated levels of capital expenditures and cost of goods sold, anticipated reduction in our costs resulting from our cost rationalization initiatives and one-time costs of implementation, and guidance relating to adjusted EBITDA and free cash flow. You can identify these forward-looking statements by the use of forward-looking words such as “will,” “may,” “plan,” “estimate,” “project,” “believe,” “anticipate,” “expect,” “foresee,” “intend,” “should,” “would,” “could,” “target,” “goal,” “continue to,” “positioned to,” “are confident,” or the negative versions of those words or other comparable words. Any forward-looking statements contained in this presentation are based upon our historical performance and on our current plans, estimates and expectations considering information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates, or expectations contemplated by us will be achieved. Our expectations and targets are not predictions of actual performance and historically our performance has deviated, often significantly, from our expectations and targets. These forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to: our dependence on the global steel industry generally and the electric arc furnace steel industry in particular; the cyclical nature of our business and the selling prices of our products, which may continue to decline in the future, and may lead to periods of reduced profitability and net losses or adversely impact liquidity; the sensitivity of our business and operating results to economic conditions, including any recession, and the possibility others may not be able to fulfill their obligations to us in a timely fashion or at all; the possibility that we may be unable to implement our business strategies in an effective manner; the possibility that global graphite electrode overcapacity may adversely affect graphite electrode prices; the competitiveness of the graphite electrode industry; our dependence on the supply of raw materials, including decant oil and petroleum needle coke, and disruptions in supply chains for these materials; our primary reliance on one facility in Monterrey, Mexico for the manufacturing of connecting pins; the availability and cost of electric power and natural gas, particularly in Europe; our manufacturing operations are subject to hazards; the legal, compliance, economic, social and political risks associated with our substantial operations in multiple countries; the possibility that fluctuation of foreign currency exchange rates could materially harm our financial results; the possibility that our results of operations could further deteriorate if our manufacturing operations were substantially disrupted for an extended period, including as a result of equipment failure, climate change, regulatory issues, natural disasters, public health crises, such as a global pandemic, political crises or other catastrophic events; the risks and uncertainties associated with litigation, arbitration, and like disputes, including disputes related to contractual commitments; our dependence on third parties for certain construction, maintenance, engineering, transportation, warehousing and logistics services; the possibility that we are subject to information technology systems failures, cybersecurity attacks, network disruptions and breaches of data security; the possibility that we are unable to recruit or retain key management and plant operating personnel or successfully negotiate with the representatives of our employees, including labor unions; the sensitivity of long-lived assets on our balance sheet to changes in the market; our dependence on protecting our intellectual property and the possibility that third parties may claim that our products or processes infringe their intellectual property rights; the impact of inflation and our ability to mitigate the effect on our costs; the impact of macroeconomic and geopolitical events on our business, results of operations, financial condition and cash flows, and the disruptions and inefficiencies in our supply chain that may occur as a result of such events; the possibility that our indebtedness could limit our financial and operating activities or that our cash flows may not be sufficient to service our indebtedness; recent increases in benchmark interest rates and the fact that any future borrowings may subject us to interest rate risk; the possibility that disruptions in or our ability to access the capital and credit markets could adversely affect our results of operations, cash flows and financial condition, or those of our customers and suppliers; the possibility that restrictive covenants in our financing agreements could restrict or limit our operations; changes in, or more stringent enforcement of, health, safety and environmental regulations applicable to our manufacturing operations and facilities; and the possibility that the cash dividends on our common stock, which are currently suspended, will remain suspended and we may not pay cash dividends on our common stock in the future.

These factors should not be construed as exhaustive and should be read in conjunction with the Risk Factors and other cautionary statements that are included in our most recent Annual Report on Form 10-K and other filings with the Securities and Exchange Commission. The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. Except as required by law, we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. You should specifically consider the factors identified in this presentation that could cause actual results to differ before making an investment decision to purchase our common stock. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us.

Taking Actions in Response to Challenging Environment

Key actions taken in 2023 to navigate headwinds:

- Aligned production volume with our outlook for graphite electrode demand
- Managed costs, capital expenditures and working capital levels
- Made targeted investments in our business

Resulted in:

- Significant reduction in inventory levels and period costs
- Positive cash flow in 2023

Persistent softness in commercial environment necessitating further actions

Our optimism about the long-term prospects for GrafTech remains intact

Cost Rationalization and Footprint Optimization Plan

1. Indefinitely suspending most production activities at St. Marys
2. Reducing GrafTech's overhead structure and expenses
3. Operating at reduced levels, as needed, to align production with demand

Expected to result in annualized cost savings of approximately $25 million once fully implemented, excluding one-time costs

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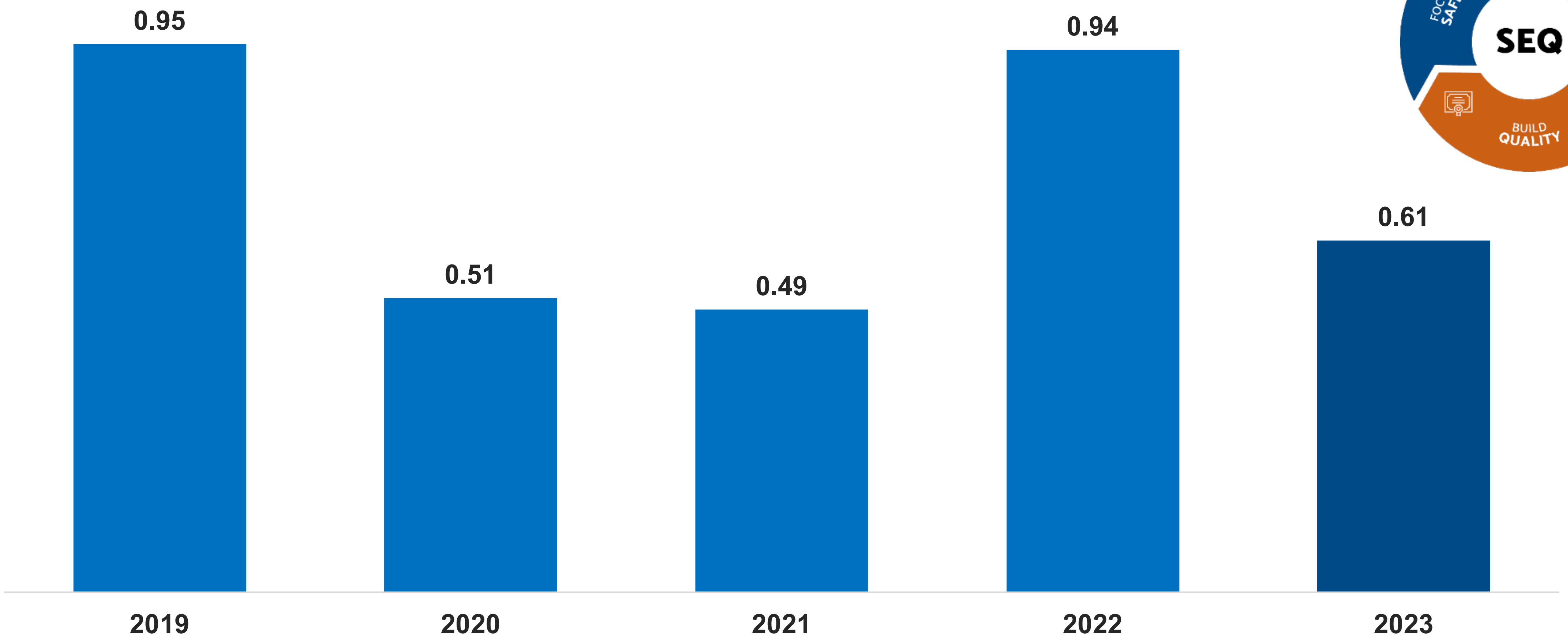
Prioritizing Safety

Total Recordable Incident Rate ("TRIR")(1)

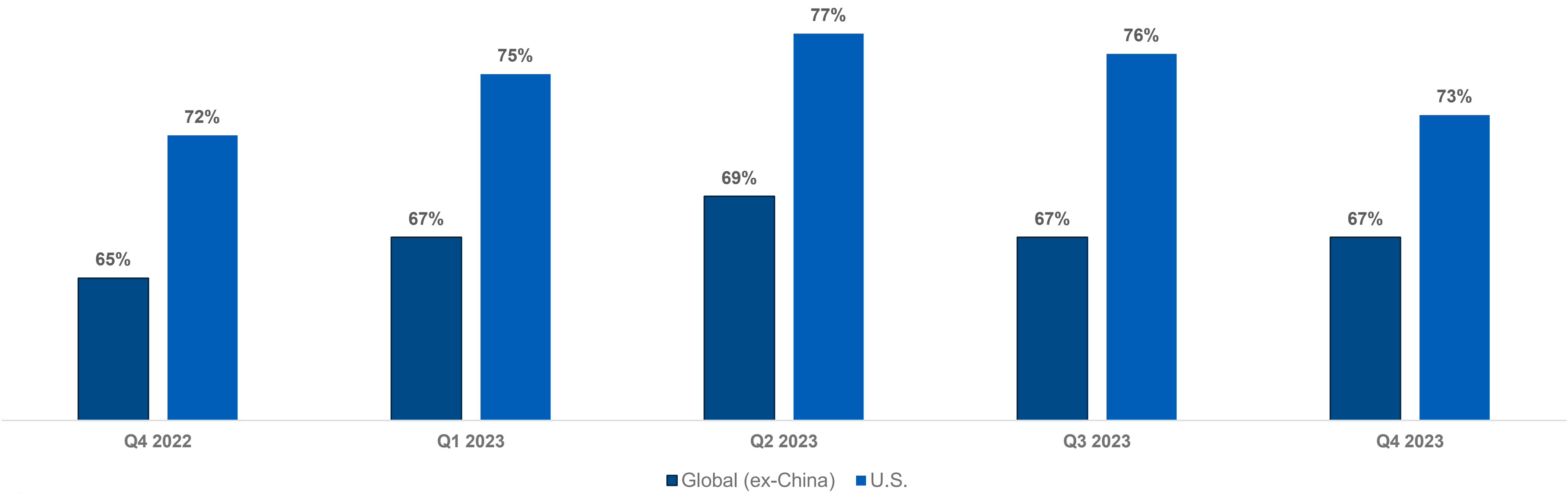


(1) TRIR measured per 200,000 hours worked.

Steel Industry Trends

- Steel industry production remains constrained by global economic uncertainty
- 2023 global steel production, excluding China, of **831 million** tons was consistent with 2022 production levels(1)
- Production growth in India and Russia offset by production declines in Europe and the Americas(1)

Steel Capacity Utilization Rates(2)

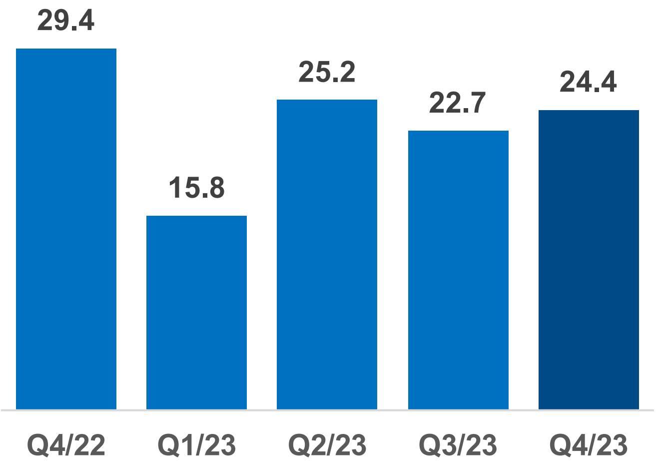


(1) Source: World Steel Association, as of January 2024.
(2) Source: World Steel Association, Metal Expert and GrafTech analysis for Global (ex-China) rates. American Iron and Steel Institute for U.S. rates. Data as of January 2024.

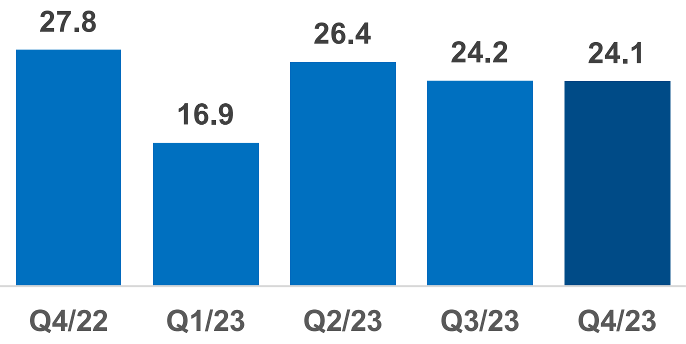
Production and Sales

- Q4 2023 production volume **down 17%**, sales volume **down 13%** and net sales **down 45%** compared to Q4 2022
- Sales volume decline reflects industry-wide softness in demand for graphite electrodes
- Net sales decline further reflects shift in mix from LTA[(1)] volume to non-LTA[(1)] volume and lower weighted-average realized prices

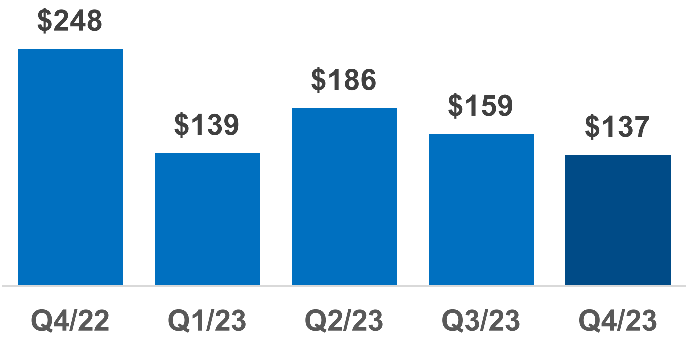
Production Volume
(in thousands of metric tons ("MT"))



Sales Volume
(in thousands of MT)



Net Sales
(in millions)

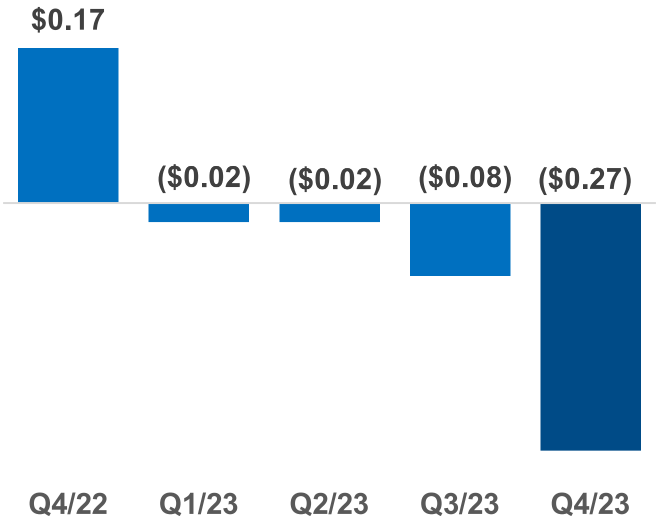


(1) "LTA" refers to our take-or-pay agreements that had initial terms of three-to-five years and "non-LTA" refers to short-term agreements and spot sales.

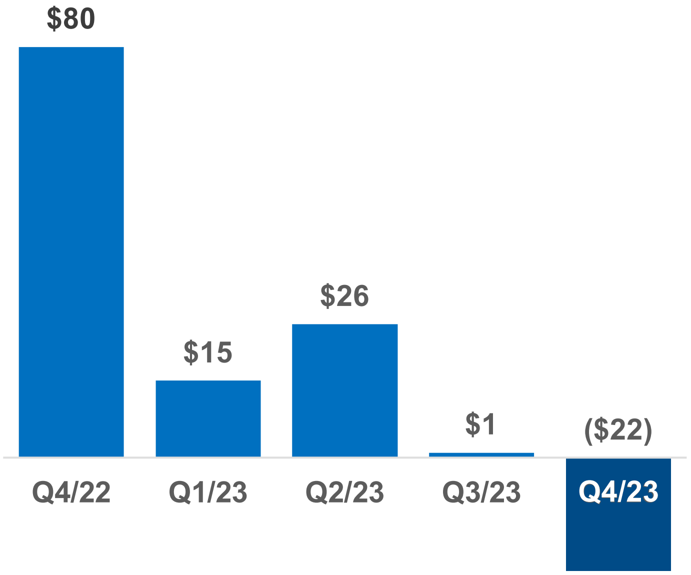
Earnings and Cash Flow

- Q4 2023 net loss of **$217 million**, or **$0.85** per share[(1)]
    - Includes a goodwill impairment charge of **$171 million** and a lower of cost or market ("LCM") inventory valuation adjustment of **$12 million**
- Q4 2023 adjusted EBITDA[(2)] of negative **$22 million**, including the LCM inventory valuation adjustment
- Q4 2023 net cash provided by operating activities of **$9 million** and adjusted free cash flow[(2)] of **$4 million**

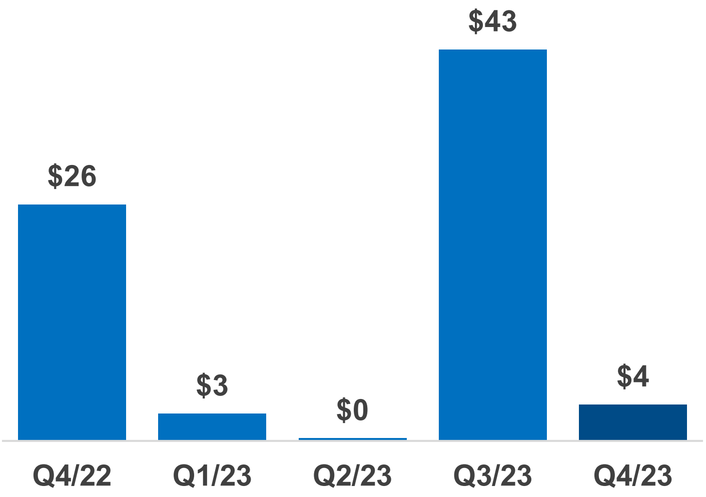
Adjusted Earnings (Loss) Per Share[(1)(2)]



Adjusted EBITDA[(2)]
(in millions)



Adjusted Free Cash Flow[(2)]
(in millions)

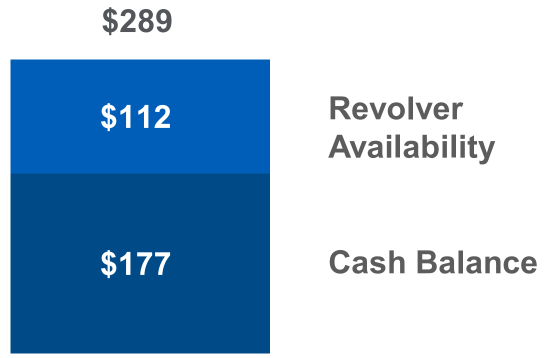


(1) Loss per share represents diluted loss per share. Adjusted earnings (loss) per share represents diluted adjusted earnings (loss) per share.
(2) Non-GAAP financial measure, see pages 13-17 for reconciliations.

Balance Sheet Strength and Financial Flexibility

- Liquidity of **$289 million** as of December 31, 2023 reflects financial covenant that limits borrowing availability under the revolver
- We continue to have adequate liquidity in 2024 to navigate the persistent softness in the commercial environment

Liquidity
(in millions)



Debt Maturity Profile
(in millions)

Do not anticipate need to borrow against revolver in 2024

No debt maturities until December 2028

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Our Optimism about the Long-term Prospects for GrafTech Remains Intact

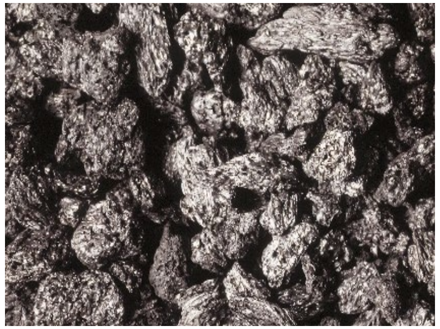
Long-term tailwinds:

- Shift to electric arc furnace ("EAF") steelmaking expected to continue driven by decarbonization efforts
- Graphite electrode demand growth anticipated driven by this ongoing transition
- Needle coke demand expected to accelerate driven by its use in the growing electric vehicle ("EV") market

Long-term opportunities for GrafTech:

- Leveraging competitive advantages and compelling customer value proposition to capitalize on graphite electrode demand
- Leveraging assets and expertise to participate in demand growth for battery materials for the EV market

GrafTech remains well-positioned to benefit from industry tailwinds



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Why GrafTech?

An Industry Leader in the Production of High-Quality Graphite Electrodes

- Graphite electrodes are essential to the operation of an EAF
- Reflecting environmental benefits, growth in EAF steelmaking expected to continue outpacing integrated steelmaking

Sustainable Competitive Advantages

- Operate some of the highest capacity graphite electrode manufacturing facilities in the world
- Substantial vertical integration into petroleum needle coke, our key raw material
- Needle coke demand expected to accelerate driven by use in the growing EV market

Focus on Providing Value-Added Services and Solutions for Customers

- Extensive intellectual property portfolio and experience in research and development
- ArchiTech® Furnace Productivity System provides enhanced customer value

Prudent and Disciplined Long-Term Capital Allocation Strategy

- Debt reduction to strengthen our balance sheet and provide strategic flexibility
- Investing in our operations
- Returning capital to our stockholders

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Non-GAAP Financial Measures

In addition to providing results that are determined in accordance with GAAP, we have provided certain financial measures that are not in accordance with GAAP. EBITDA, adjusted EBITDA, adjusted net (loss) income, adjusted (loss) earnings per share, free cash flow, adjusted free cash flow and cash cost of goods sold per MT are non-GAAP financial measures.

We define EBITDA, a non-GAAP financial measure, as net income or loss plus interest expense, minus interest income, plus income taxes and depreciation and amortization. We define adjusted EBITDA, a non-GAAP financial measure, as EBITDA adjusted by any pension and other post-employment benefit ("OPEB") plan expenses or benefits, adjustments for public offerings and related expenses, non-cash gains or losses from foreign currency remeasurement of non-operating assets and liabilities in our foreign subsidiaries where the functional currency is the U.S. dollar, stock-based compensation expense, non-cash fixed asset write-offs, related party payable - Tax Receivable Agreement adjustments and goodwill impairment charges. Adjusted EBITDA is the primary metric used by our management and our Board of Directors to establish budgets and operational goals for managing our business and evaluating our performance.

We monitor adjusted EBITDA as a supplement to our GAAP measures, and believe it is useful to present to investors, because we believe that it facilitates evaluation of our period-to-period operating performance by eliminating items that are not operational in nature, allowing comparison of our recurring core business operating results over multiple periods unaffected by differences in capital structure, capital investment cycles and fixed asset base. In addition, we believe adjusted EBITDA and similar measures are widely used by investors, securities analysts, ratings agencies, and other parties in evaluating companies in our industry as a measure of financial performance and debt-service capabilities.

We define adjusted net (loss) income, a non-GAAP financial measure, as net (loss) income, excluding the items used to calculate adjusted EBITDA, less the tax effect of those adjustments. We define adjusted (loss) earnings per share, a non-GAAP financial measure, as adjusted net (loss) income divided by the weighted average diluted common shares outstanding during the period. We believe adjusted net (loss) income and adjusted (loss) earnings per share are useful to present to investors because we believe that they assist investors' understanding of the underlying operational profitability of the Company.

We define free cash flow, a non-GAAP financial measure, as net cash provided by operating activities less capital expenditures. We define adjusted free cash flow, a non-GAAP financial measure, as free cash flow adjusted by payments made or received from the settlement of interest rate swap contracts. We use free cash flow and adjusted free cash flow as critical measures in the evaluation of liquidity in conjunction with related GAAP amounts. We also use these measures when considering available cash, including for decision-making purposes related to dividends and discretionary investments. Further, these measures help management, the audit committee, and investors evaluate the Company's ability to generate liquidity from operating activities.

We define cash cost of goods sold per MT, a non-GAAP financial measure, as cost of goods sold less depreciation and amortization and less cost of goods sold associated with the portion of our sales that consists of deliveries of by-products of the manufacturing processes, with this total divided by our sales volume measured in MT. We believe this is an important measure as it is used by our management and Board of Directors to evaluate our costs on a per MT basis.

In evaluating EBITDA, adjusted EBITDA, adjusted net (loss) income, adjusted (loss) earnings per share, free cash flow and adjusted free cash flow, you should be aware that in the future, we will incur expenses similar to the adjustments in the reconciliations presented below. Our presentations of EBITDA, adjusted EBITDA, adjusted net (loss) income, adjusted (loss) earnings per share, free cash flow and adjusted free cash flow should not be construed as suggesting that our future results will be unaffected by these expenses or any unusual or non-recurring items. When evaluating our performance, you should consider EBITDA, adjusted EBITDA, adjusted net (loss) income, adjusted (loss) earnings per share, free cash flow and adjusted free cash flow alongside other measures of financial performance and liquidity, including our net (loss) income, (loss) earnings per share and cash flow from operating activities, respectively, and other GAAP measures.

Reconciliation to Adjusted Net (Loss) Income

	Three Months Ended				
($ in thousands)	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022
Net (loss) income	$ (217,409)	$ (22,621)	$ (7,851)	$ (7,369)	$ 50,331
Adjustments, pre-tax:					
Pension and OPEB plan expenses (benefits)[(1)]	3,578	914	899	918	(8,993)
Public offerings and related expenses[(2)]	-	-	-	-	-
Non-cash losses (gains) on foreign currency remeasurement[(3)]	170	(287)	273	447	819
Stock-based compensation expense[(4)]	624	1,628	1,385	796	645
Non-cash fixed asset write-off[(5)]	-	-	-	-	1,068
Related party payable - Tax Receivable Agreement adjustment[(6)]	233	-	-	16	97
Goodwill impairment charges[(7)]	171,117	-	-	-	-
Total non-GAAP adjustments pre-tax	175,722	2,255	2,557	2,177	(6,364)
Income tax impact on non-GAAP adjustments[(8)]	26,882	500	474	357	(794)
Adjusted net (loss) income	$ (68,569)	$ (20,866)	$ (5,768)	$ (5,549)	$ 44,761

(1) Net periodic benefit cost (credit) for our pension and OPEB plans, including a mark-to-market (gain) loss, representing actuarial gains and losses that result from the remeasurement of plan assets and obligations due to changes in assumptions or experience. We recognize the actuarial gains and losses in connection with the annual remeasurement in earnings in the fourth quarter of each year.
(2) Legal, accounting, printing and registration fees associated with the public offerings and related expenses.
(3) Non-cash losses (gains) from foreign currency remeasurement of non-operating assets and liabilities of our non-U.S. subsidiaries where the functional currency is the U.S. dollar.
(4) Non-cash expense for stock-based compensation grants.
(5) Non-cash fixed asset write-off recorded for obsolete assets.
(6) Non-cash expense adjustment for future payment to our sole pre-initial public offering ("IPO") stockholder for tax assets that are expected to be utilized.
(7) Non-cash goodwill impairment charges.
(8) The tax impact on the non-GAAP adjustments is affected by their tax deductibility and the applicable jurisdictional tax rates.

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Reconciliation to Adjusted (Loss) Earnings Per Share

	Three Months Ended				
	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022
(Loss) earnings per share	$ (0.85)	$ (0.09)	$ (0.03)	$ (0.03)	$ 0.20
Adjustments per share, pre-tax:					
Pension and OPEB plan expenses (benefits)(1)	0.01	-	-	0.01	(0.04)
Public offerings and related expenses(2)	-	-	-	-	-
Non-cash losses (gains) on foreign currency remeasurement(3)	-	-	-	-	-
Stock-based compensation expense(4)	-	0.01	0.01	-	-
Non-cash fixed asset write-off(5)	-	-	-	-	0.01
Related party payable - Tax Receivable Agreement adjustment(6)	-	-	-	-	-
Goodwill impairment charges(7)	0.67	-	-	-	-
Total non-GAAP adjustments pre-tax per share	0.68	0.01	0.01	0.01	(0.03)
Income tax impact on non-GAAP adjustments per share(8)	0.10	-	-	-	-
Adjusted (loss) earnings per share	$ (0.27)	$ (0.08)	$ (0.02)	$ (0.02)	$ 0.17

(1) Net periodic benefit cost (credit) for our pension and OPEB plans, including a mark-to-market (gain) loss, representing actuarial gains and losses that result from the remeasurement of plan assets and obligations due to changes in assumptions or experience. We recognize the actuarial gains and losses in connection with the annual remeasurement in earnings in the fourth quarter of each year.
(2) Legal, accounting, printing and registration fees associated with the public offerings and related expenses.
(3) Non-cash losses (gains) from foreign currency remeasurement of non-operating assets and liabilities of our non-U.S. subsidiaries where the functional currency is the U.S. dollar.
(4) Non-cash expense for stock-based compensation grants.
(5) Non-cash fixed asset write-off recorded for obsolete assets.
(6) Non-cash expense adjustment for future payment to our sole pre-IPO stockholder for tax assets that are expected to be utilized.
(7) Non-cash goodwill impairment charges.
(8) The tax impact on the non-GAAP adjustments is affected by their tax deductibility and the applicable jurisdictional tax rates.

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Reconciliation to Adjusted EBITDA

($ in thousands)	Three Months Ended Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Year Ended Dec 31, 2023	Dec 31, 2022
Net (loss) income	$ (217,409)	$ (22,621)	$ (7,851)	$ (7,369)	$ 50,331	$ (255,250)	$ 382,962
Add:							
Depreciation and amortization	13,836	16,954	15,322	10,777	13,788	56,889	55,496
Interest expense	15,655	15,719	13,907	12,806	11,533	58,087	36,568
Interest income	(1,681)	(1,144)	(242)	(372)	(2,283)	(3,439)	(4,480)
Income taxes	(7,695)	(10,244)	2,329	(2,904)	13,096	(18,514)	69,356
EBITDA	(197,294)	(1,336)	23,465	12,938	86,465	(162,227)	539,902
Adjustments:							
Pension and OPEB plan expenses (benefits)(1)	3,578	914	899	918	(8,993)	6,309	(7,355)
Public offerings and related expenses(2)	-	-	-	-	-	-	100
Non-cash losses (gains) on foreign currency remeasurement(3)	170	(287)	273	447	819	603	521
Stock-based compensation expense(4)	624	1,628	1,385	796	645	4,433	2,311
Non-cash fixed asset write-off(5)	-	-	-	-	1,068	-	1,068
Related party payable - Tax Receivable Agreement adjustment(6)	233	-	-	16	97	249	(83)
Goodwill impairment charges(7)	171,117	-	-	-	-	171,117	-
Adjusted EBITDA	$ (21,572)	$ 919	$ 26,022	$ 15,115	$ 80,101	$ 20,484	$ 536,464

(1) Net periodic benefit cost (credit) for our pension and OPEB plans, including a mark-to-market (gain) loss, representing actuarial gains and losses that result from the remeasurement of plan assets and obligations due to changes in assumptions or experience. We recognize the actuarial gains and losses in connection with the annual remeasurement in earnings in the fourth quarter of each year.
(2) Legal, accounting, printing and registration fees associated with the public offerings and related expenses.
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(5) Non-cash fixed asset write-off recorded for obsolete assets.
(6) Non-cash expense adjustment for future payment to our sole pre-IPO stockholder for tax assets that are expected to be utilized.
(7) Non-cash goodwill impairment charges.

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Reconciliation to Free Cash Flow and Adjusted Free Cash Flow

	Three Months Ended				
($ in thousands)	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022
Net cash provided by (used in) operating activities	$ 9,292	$ 51,495	$ (9,024)	$ 24,798	$ 50,023
Capital expenditures	(5,753)	(8,498)	(14,518)	(25,271)	(26,884)
Free cash flow	3,539	42,997	(23,542)	(473)	23,139
Interest rate swap settlements[(1)(2)]	-	-	23,823	3,630	2,661
Adjusted free cash flow	$ 3,539	$ 42,997	$ 281	$ 3,157	$ 25,800

(1) Receipt of cash related to the monthly settlement of our outstanding interest rate swap contracts.
(2) The three months ended June 30, 2023 includes cash received from the termination of our interest rate swap contracts.

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Reconciliation to Cash Cost of Goods Sold per MT

($ in thousands, except per MT amounts)	Three Months Ended Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Year Ended Dec 31, 2023	Dec 31, 2022
Cost of goods sold	$ 144,393	$ 157,603	$ 157,216	$ 112,645	$ 163,492	$ 571,857	$ 726,373
Less:							
Depreciation and amortization(1)	12,163	15,291	13,605	9,065	12,078	50,124	48,680
Cost of goods sold - by-products and other(2)	780	430	4,958	8,332	7,716	14,500	41,611
Cash cost of goods sold	131,450	141,882	138,653	95,248	143,698	507,233	636,082
Sales volume (in thousands of MT)	24.1	24.2	26.4	16.9	27.8	91.6	149.1
Cash cost of goods sold per MT	$ 5,454	$ 5,863	$ 5,252	$ 5,636	$ 5,169	$ 5,537	$ 4,266

(1) Reflects the portion of depreciation and amortization that is recognized in cost of goods sold.
(2) Primarily reflects cost of goods sold associated with the portion of our sales that consists of deliveries of by-products of the manufacturing processes.

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