

NYSE: EAF
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Q1 2024 Results

April 26, 2024

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; 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; recent increases in benchmark interest rates and the fact that any future borrowings may subject us to interest rate risk; changes in, or more stringent enforcement of, health, safety and environmental regulations applicable to our manufacturing operations and facilities; 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; and the outcome of our proxy contest.

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.

Successfully Executing Strategic Initiatives To Reduce Costs and Preserve Long-term Flexibility

1

Investing in customer engagement and our customer value proposition

2

Executing our cost rationalization and footprint optimization plan

3

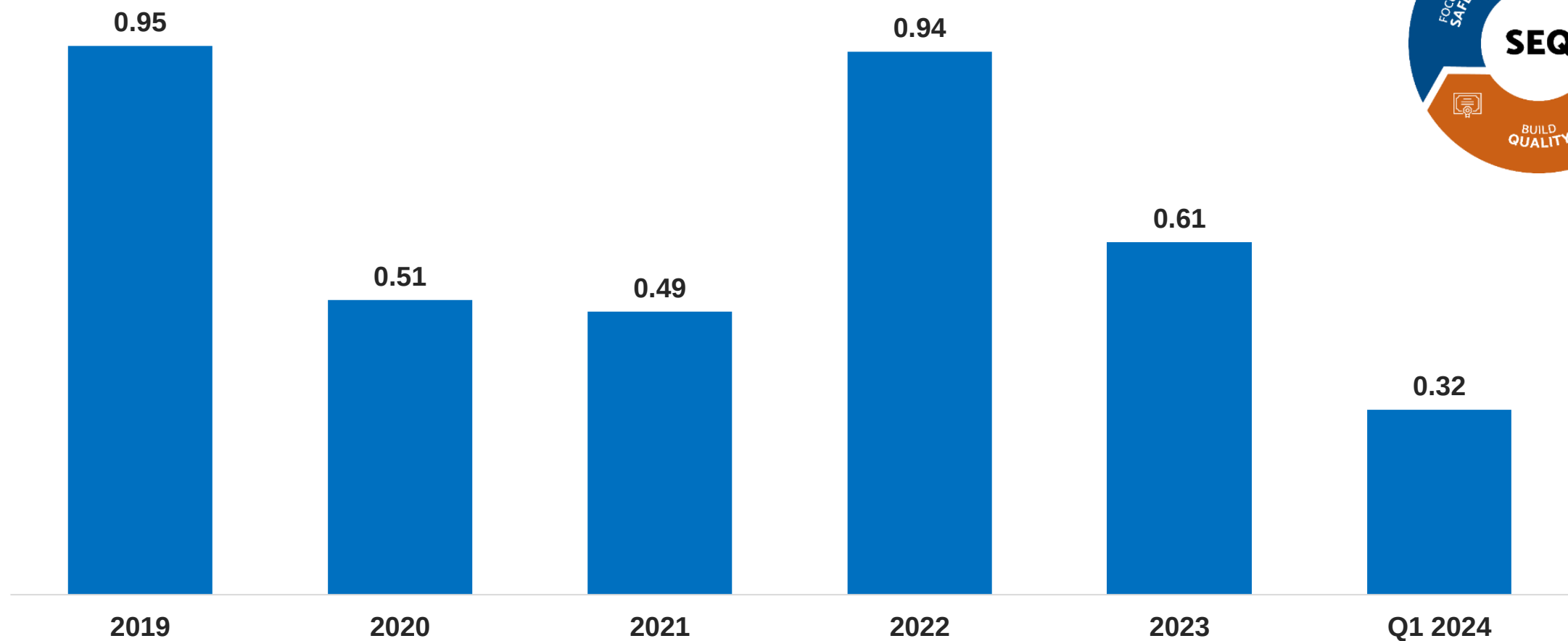
Pursuing long-term growth opportunities that leverage our unique capabilities

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



Prioritizing Safety

Total Recordable Incident Rate (“TRIR”)⁽¹⁾

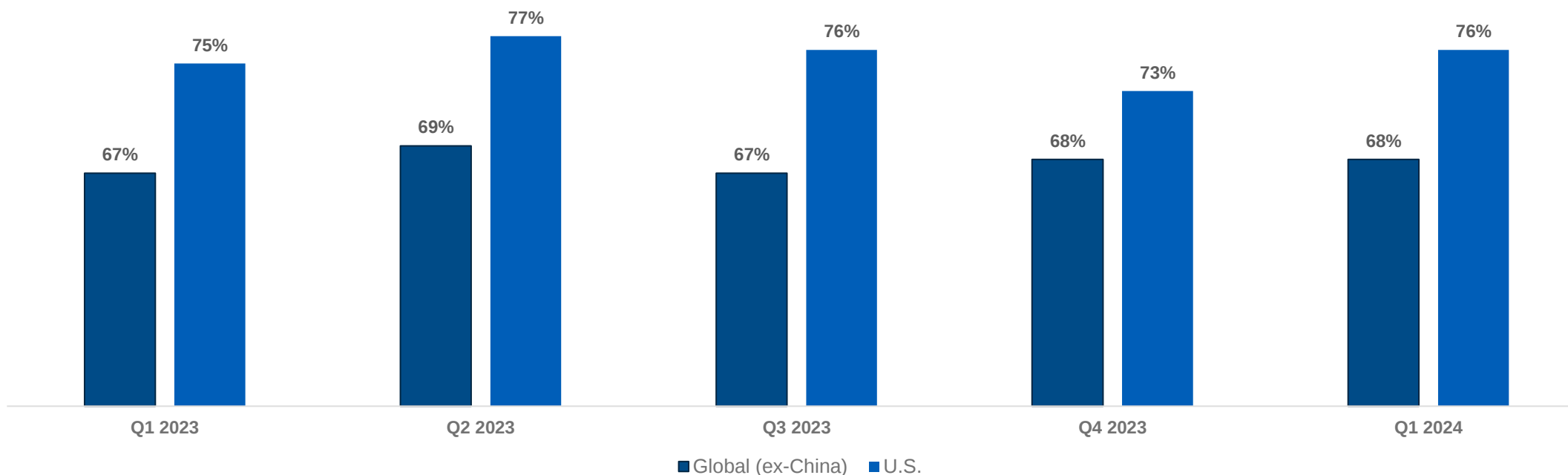


(1) TRIR measured per 200,000 hours worked.

Steel Industry Trends

- Steel industry production remains constrained by global economic uncertainty
- Q1 2024 global steel production, excluding China, of **213 million** tons versus **205 million** tons in Q1 2023⁽¹⁾
- Production growth led by India and Turkey; production declined slightly in the EU and in North America⁽¹⁾

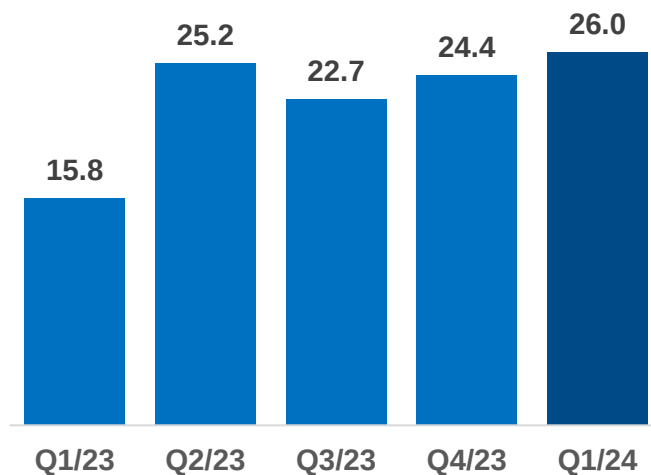
Steel Capacity Utilization Rates⁽²⁾



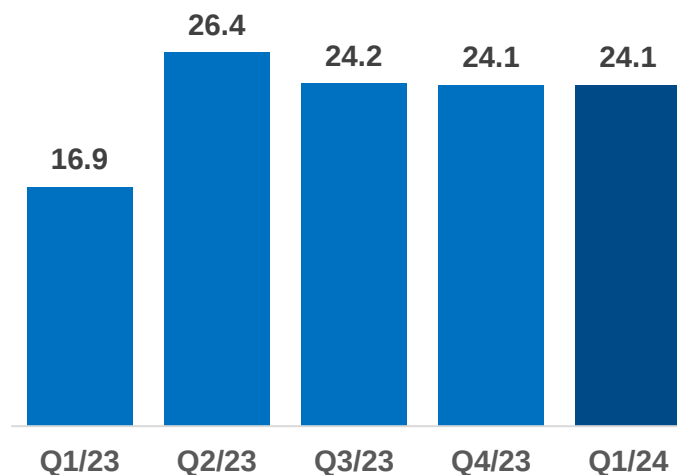
Production and Sales

- Q1 2024 production volume **up 65%**, sales volume **up 43%** and net sales **down 2%** compared to Q1 2023
- Net sales decline primarily reflects:
 - Lower weighted-average realized prices and shift in mix from LTA⁽¹⁾ volume to non-LTA⁽¹⁾ volume
 - Mostly offset by higher sales volume, as Q1 2023 sales volume was significantly impacted by the temporary suspension of our Monterrey facility

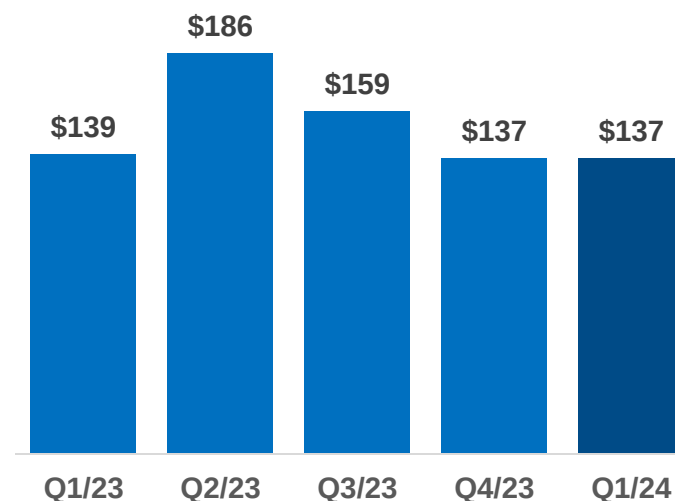
Production Volume
(in thousands of metric tons ("MT"))



Sales Volume
(in thousands of MT)



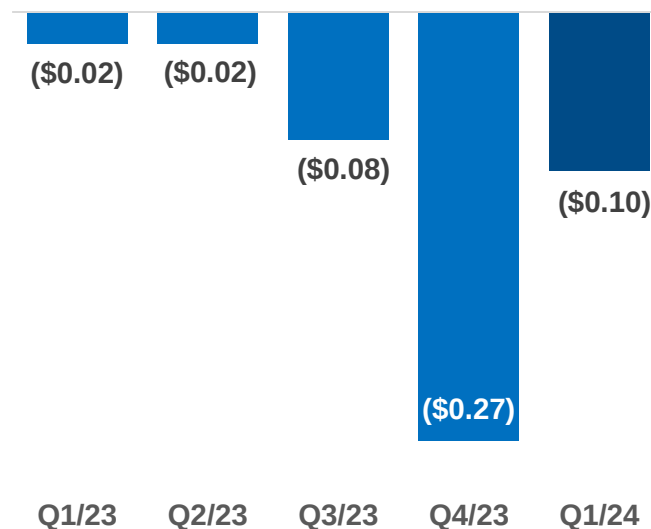
Net Sales
(in millions)



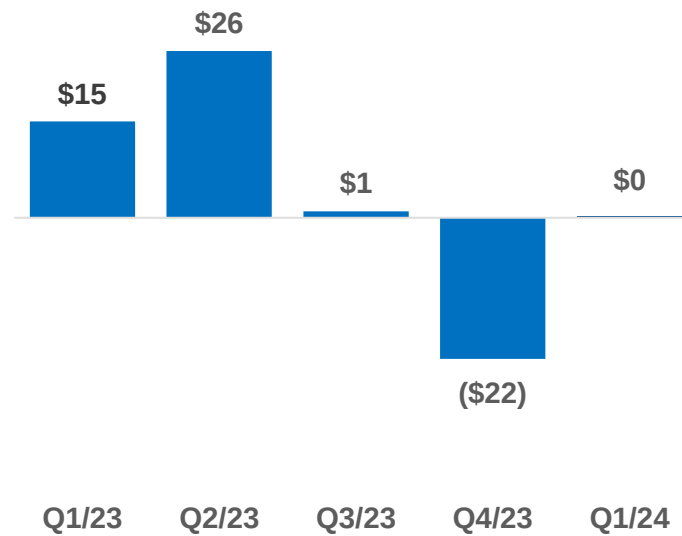
Earnings and Cash Flow

- Q1 2024 net loss of **\$31 million**, or **\$0.12** per share⁽¹⁾, and adjusted EBITDA⁽²⁾ of **\$0.2 million**
- Q1 2024 net cash used in operating activities of **\$1 million** and adjusted free cash flow⁽²⁾ of negative **\$11 million**
- Significant cost improvement**, as cash costs on a per MT basis⁽²⁾ **declined 18%** year-over-year

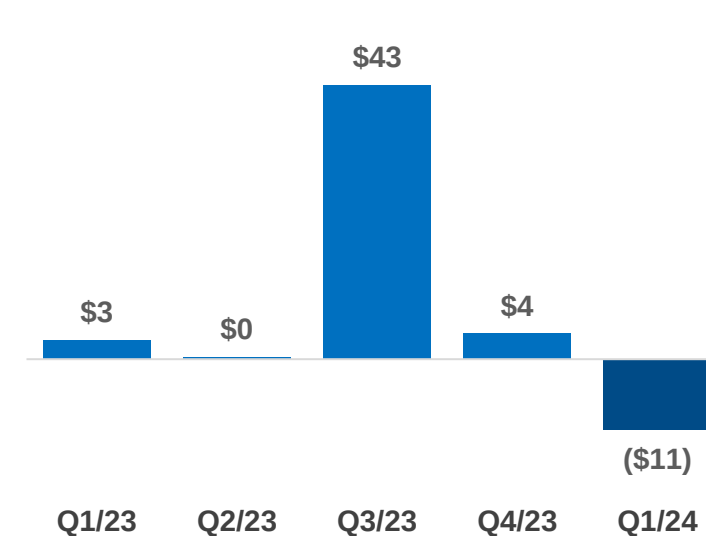
Adjusted Loss Per Share⁽¹⁾⁽²⁾



Adjusted EBITDA⁽²⁾
(in millions)

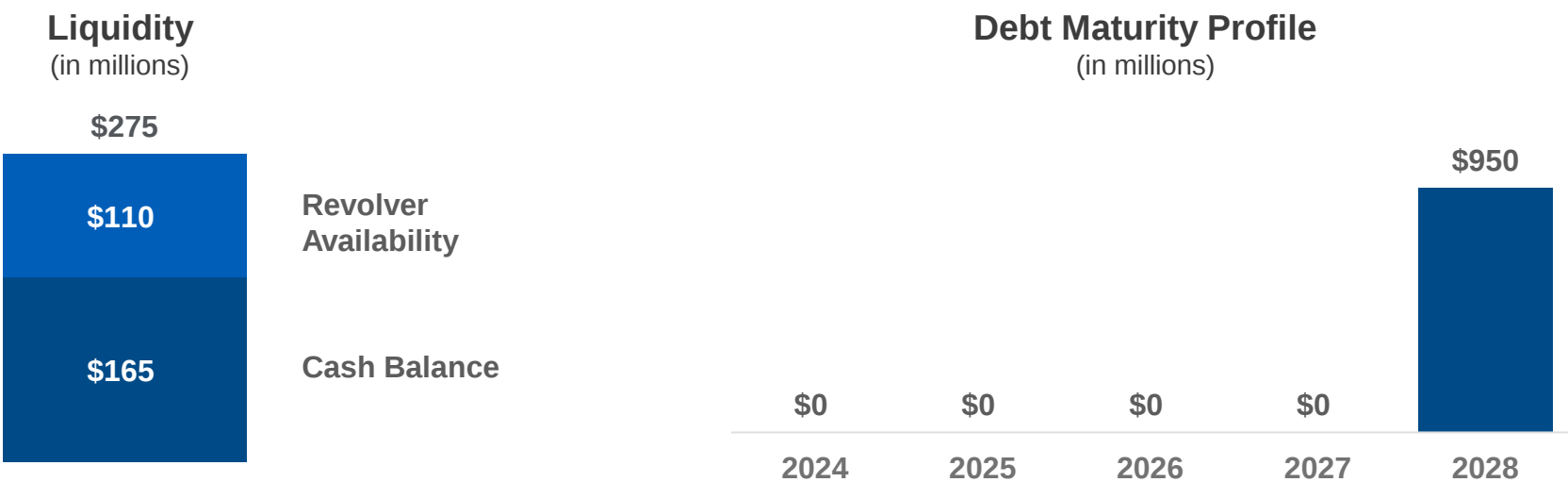


Adjusted Free Cash Flow⁽²⁾
(in millions)



Balance Sheet Strength and Financial Flexibility

- Liquidity of **\$275 million** as of March 31, 2024 reflects financial covenant that limits borrowing availability under the revolver
- No debt maturities until December 2028



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

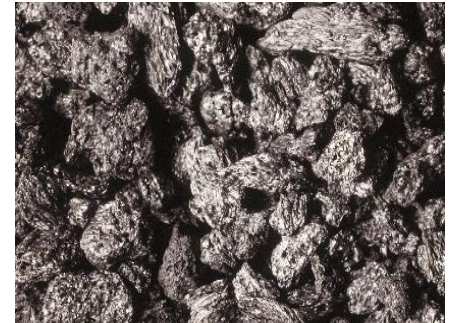
Long-term Tailwinds:

- 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

While we remain cautious about near-term industry trends, GrafTech remains well-positioned to benefit from long-term industry tailwinds



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



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, adjusted loss 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 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 rationalization and rationalization-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, proxy contest expenses, 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, a non-GAAP financial measure, as net loss, excluding the items used to calculate adjusted EBITDA, less the tax effect of those adjustments. We define adjusted loss per share, a non-GAAP financial measure, as adjusted net loss divided by the weighted average diluted common shares outstanding during the period. We believe adjusted net loss and adjusted loss 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, adjusted loss 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, adjusted loss 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, adjusted loss per share, free cash flow and adjusted free cash flow alongside other measures of financial performance and liquidity, including our net loss, loss per share and cash flow from operating activities, respectively, and other GAAP measures.

Reconciliation to Adjusted Net Loss

(\$ in thousands)	Three Months Ended				
	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023
Net loss	\$ (30,869)	\$ (217,409)	\$ (22,621)	\$ (7,851)	\$ (7,369)
Adjustments, pre-tax:					
Pension and OPEB plan expenses ⁽¹⁾	347	3,578	914	899	918
Rationalization expenses ⁽²⁾	3,145	-	-	-	-
Rationalization-related expenses ⁽³⁾	2,655	-	-	-	-
Non-cash (gains) losses on foreign currency remeasurement ⁽⁴⁾	(162)	170	(287)	273	447
Stock-based compensation expense ⁽⁵⁾	1,047	624	1,628	1,385	796
Proxy contest expenses ⁽⁶⁾	210	-	-	-	-
Tax Receivable Agreement adjustment ⁽⁷⁾	37	233	-	-	16
Goodwill impairment charges ⁽⁸⁾	-	171,117	-	-	-
Total non-GAAP adjustments pre-tax	7,279	175,722	2,255	2,557	2,177
Income tax impact on non-GAAP adjustments ⁽⁹⁾	1,571	26,882	500	474	357
Adjusted net loss	\$ (25,161)	\$ (68,569)	\$ (20,866)	\$ (5,768)	\$ (5,549)

- (1) Net periodic benefit cost 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) Severance and contract termination costs associated with the cost rationalization and footprint optimization plan announced in February 2024.
- (3) Other non-cash costs, primarily inventory and fixed asset write-offs, associated with the cost rationalization and footprint optimization plan announced in February 2024.
- (4) Non-cash (gains) losses 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.
- (5) Non-cash expense for stock-based compensation grants.
- (6) Expenses associated with our proxy contest.
- (7) Adjustment for future payment to our sole pre-initial public offering ("IPO") stockholder for tax assets that are expected to be utilized.
- (8) Non-cash goodwill impairment charges.
- (9) The tax impact on the non-GAAP adjustments is affected by their tax deductibility and the applicable jurisdictional tax rates.

Reconciliation to Adjusted Loss Per Share

	Three Months Ended				
	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023
Loss per share	\$ (0.12)	\$ (0.85)	\$ (0.09)	\$ (0.03)	\$ (0.03)
Adjustments per share, pre-tax:					
Pension and OPEB plan expenses ⁽¹⁾	-	0.01	-	-	0.01
Rationalization expenses ⁽²⁾	0.01	-	-	-	-
Rationalization-related expenses ⁽³⁾	0.01	-	-	-	-
Non-cash (gains) losses on foreign currency remeasurement ⁽⁴⁾	-	-	-	-	-
Stock-based compensation expense ⁽⁵⁾	0.01	-	0.01	0.01	-
Proxy contest expenses ⁽⁶⁾	-	-	-	-	-
Tax Receivable Agreement adjustment ⁽⁷⁾	-	-	-	-	-
Goodwill impairment charges ⁽⁸⁾	-	0.67	-	-	-
Total non-GAAP adjustments pre-tax per share	0.03	0.68	0.01	0.01	0.01
Income tax impact on non-GAAP adjustments per share ⁽⁹⁾	0.01	0.10	-	-	-
Adjusted loss per share	\$ (0.10)	\$ (0.27)	\$ (0.08)	\$ (0.02)	\$ (0.02)

- (1) Net periodic benefit cost 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) Severance and contract termination costs associated with the cost rationalization and footprint optimization plan announced in February 2024.
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- (4) Non-cash (gains) losses 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.
- (5) Non-cash expense for stock-based compensation grants.
- (6) Expenses associated with our proxy contest.
- (7) Adjustment for future payment to our sole pre-IPO stockholder for tax assets that are expected to be utilized.
- (8) Non-cash goodwill impairment charges.
- (9) The tax impact on the non-GAAP adjustments is affected by their tax deductibility and the applicable jurisdictional tax rates.

Reconciliation to Adjusted EBITDA

(\$ in thousands)	Three Months Ended				
	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023
Net loss	\$ (30,869)	\$ (217,409)	\$ (22,621)	\$ (7,851)	\$ (7,369)
Add:					
Depreciation and amortization	13,883	13,836	16,954	15,322	10,777
Interest expense	15,626	15,655	15,719	13,907	12,806
Interest income	(1,524)	(1,681)	(1,144)	(242)	(372)
Income taxes	(4,201)	(7,695)	(10,244)	2,329	(2,904)
EBITDA	(7,085)	(197,294)	(1,336)	23,465	12,938
Adjustments:					
Pension and OPEB plan expenses ⁽¹⁾	347	3,578	914	899	918
Rationalization expenses ⁽²⁾	3,145	-	-	-	-
Rationalization-related expenses ⁽³⁾	2,655	-	-	-	-
Non-cash (gains) losses on foreign currency remeasurement ⁽⁴⁾	(162)	170	(287)	273	447
Stock-based compensation expense ⁽⁵⁾	1,047	624	1,628	1,385	796
Proxy contest expenses ⁽⁶⁾	210	-	-	-	-
Tax Receivable Agreement adjustment ⁽⁷⁾	37	233	-	-	16
Goodwill impairment charges ⁽⁸⁾	-	171,117	-	-	-
Adjusted EBITDA	\$ 194	\$ (21,572)	\$ 919	\$ 26,022	\$ 15,115

- (1) Net periodic benefit cost 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) Severance and contract termination costs associated with the cost rationalization and footprint optimization plan announced in February 2024.
- (3) Other non-cash costs, primarily inventory and fixed asset write-offs, associated with the cost rationalization and footprint optimization plan announced in February 2024.
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- (7) Adjustment for future payment to our sole pre-IPO stockholder for tax assets that are expected to be utilized.
- (8) Non-cash goodwill impairment charges.

Reconciliation to Free Cash Flow and Adjusted Free Cash Flow

(\$ in thousands)	Three Months Ended				
	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023
Net cash (used in) provided by operating activities	\$ (530)	\$ 9,292	\$ 51,495	\$ (9,024)	\$ 24,798
Capital expenditures	(10,511)	(5,753)	(8,498)	(14,518)	(25,271)
Free cash flow	(11,041)	3,539	42,997	(23,542)	(473)
Interest rate swap settlements ⁽¹⁾⁽²⁾	-	-	-	23,823	3,630
Adjusted free cash flow	\$ (11,041)	\$ 3,539	\$ 42,997	\$ 281	\$ 3,157

Reconciliation to Cash Cost of Goods Sold per MT

(\$ in thousands, except per MT amounts)	Three Months Ended					Year Ended
	Mar 31, 2024	Dec 31, 2023	Sept 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2023
Cost of goods sold	\$ 135,204	\$ 144,393	\$ 157,603	\$ 157,216	\$ 112,645	\$ 571,857
Less:						
Depreciation and amortization ⁽¹⁾	12,207	12,163	15,291	13,605	9,065	50,124
Cost of goods sold - by-products and other ⁽²⁾	9,600	780	430	4,958	8,332	14,500
Rationalization-related expenses ⁽³⁾	2,655	-	-	-	-	-
Cash cost of goods sold	110,742	131,450	141,882	138,653	95,248	507,233
Sales volume (in thousands of MT)	24.1	24.1	24.2	26.4	16.9	91.6
Cash cost of goods sold per MT	\$ 4,595	\$ 5,454	\$ 5,863	\$ 5,252	\$ 5,636	\$ 5,537

(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.

(3) Other non-cash costs, primarily inventory and fixed asset write-offs, associated with the cost rationalization and footprint optimization plan announced in February 2024.

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