

GRAFTech International

BMO 28th Global Metals & Mining Conference

February 25, 2019

Forward-looking Statements

NOTE ON FORWARD-LOOKING STATEMENTS: This presentation and related discussions may contain forward looking statements that reflect our current views with respect to, among other things, future events and financial performance. You can identify these forward looking statements by the use of forward looking words such as “will,” “may,” “plan,” “estimate,” “project,” “believe,” “anticipate,” “expect,” “intend,” “should,” “would,” “could,” “target,” “goal,” “continue to,” “are positioned,” “are confident,” “remain optimistic” or the negative version 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 in light of 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. Actual future events, circumstances, performance and trends could differ materially, positively or negatively, due to various factors, including: the cyclical nature of our business and the selling prices of our products may lead to periods of reduced profitability and net losses in the future; the possibility that we may be unable to implement our business strategies, including our initiative to secure and maintain longer-term customer contracts, in an effective manner; the possibility that recent tax legislation could adversely affect us or our stockholders; pricing for graphite electrodes has historically been cyclical and, although current prices are relatively high, the price of graphite electrodes will likely decline in the future from recent record highs in 2018; the sensitivity of our business and operating results to economic conditions; our dependence on the global steel industry generally and the electric arc furnace (“EAF”) steel industry in particular; 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 petroleum needle coke; our dependence on supplies of raw materials (in addition to petroleum needle coke) and energy; the possibility that our manufacturing operations are subject to hazards; changes in, or more stringent enforcement of, health, safety and environmental regulations applicable to our manufacturing operations and facilities; the legal, 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 deteriorate if our manufacturing operations were substantially disrupted for an extended period, including as a result of equipment failure, climate change, natural disasters, public health crises, political crises or other catastrophic events; the possibility that plant capacity expansions may be delayed or may not achieve the expected benefits; our dependence on third parties for certain construction, maintenance, engineering, transportation, warehousing and logistics services; 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 possibility that we may divest or acquire businesses, which could require significant management attention or disrupt our business; the sensitivity of goodwill on our balance sheet to changes in the market; the possibility that we are subject to information technology systems failures, cybersecurity attacks, network disruptions and breaches of data security; our dependence on protecting our intellectual property; the possibility that third parties may claim that our products or processes infringe their intellectual property rights; the possibility that significant changes in our jurisdictional earnings mix or in the tax laws of those jurisdictions could adversely affect our business; 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 restrictive covenants in our financing agreements could restrict or limit our operations; the fact that borrowings under certain of our existing financing agreements subjects us to interest rate risk; the possibility of a lowering or withdrawal of the ratings assigned to our debt; the possibility that disruptions in 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 highly concentrated ownership of our common stock may prevent minority stockholders from influencing significant corporate decisions; the fact that certain of our stockholders have the right to engage or invest in the same or similar businesses as us; the fact that certain provisions of our Amended and Restated Certificate of Incorporation and our Amended and Restated By Laws could hinder, delay or prevent a change of control; the fact that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders; our status as a “controlled company” within the meaning of the NYSE corporate governance standards, which allows us to qualify for exemptions from certain corporate governance requirements; and other risks described in the “Risk Factors” section of our annual report on Form 10-K and other SEC filings.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in our annual report on Form 10-K and other SEC filings. The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. We do not undertake any obligation to publicly update or review any forward-looking statement, except as required by law, whether as a result of new information, future developments or otherwise.

An Industry Leading Graphite Electrode Manufacturer

- ☑ Graphite electrodes are a highly engineered, mission critical industrial consumable
- ☑ Vertical integration into petroleum needle coke provides sustainable competitive advantage
- ☑ Commercial strategy focused on stable, long-term agreements
- ☑ Expanding production capacity in a structurally improved industry
- ☑ Committed to returning cash to shareholders while maintaining a healthy balance sheet

Petroleum Needle Coke



Key raw material

Ultra High Power Electrodes



No substitute

EAF Steelmaking



Solid Quarterly Results; Progressing Long-term Strategy

Market fundamentals remain solid
- Q4 weighted average realized price of $9,950 per MT, up 2% from Q3/18 on higher spot volumes
- Graphite electrode market is more balanced with recent spot pricing moving off historic highs
- Steel production and graphite electrode consumption remains healthy

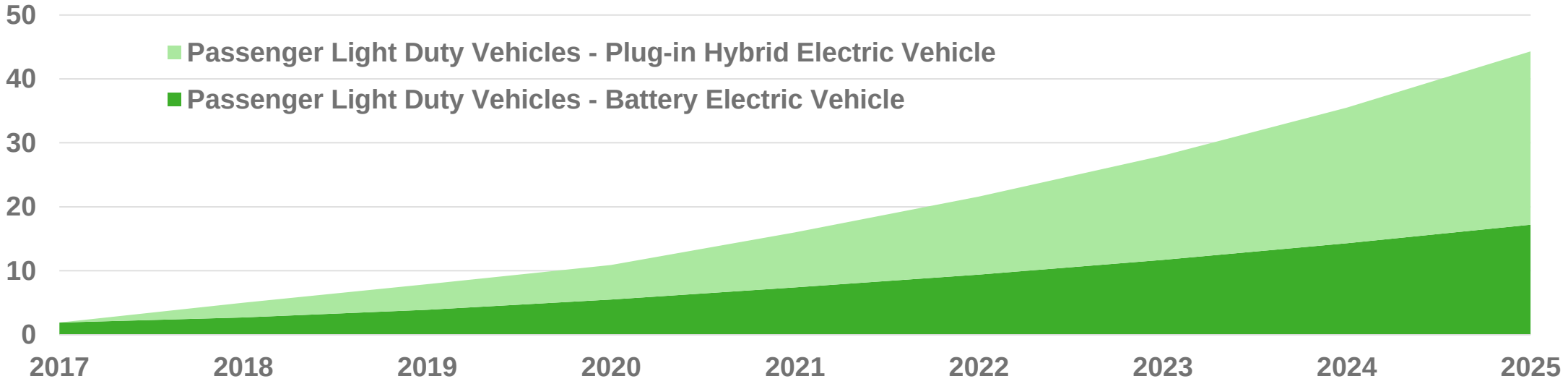
Delivering growth
- 2019 will be first year with increased capacity
- Debottlenecking capital projects complete with ramp up well underway
- 2019 sales volumes expected to be higher than prior year
- St. Marys finishing operations provide flexibility; will ramp up if needed to support customers

Vertical integration as a competitive advantage
- Wholly-owned Seadrift subsidiary offers secure, low-cost supply
- Seadrift production cost is well below third party needle coke price

Vertical Integration Provides Secure, Low Cost Raw Materials

- Tightness in petroleum needle coke – our primary raw material – due to competing electric vehicle (EV) battery demand
- Wholly owned Seadrift facility meets ~70% of long-term needle coke needs; providing our operations with high quality, low cost, secure raw materials supply
- Our all-in cost of graphite electrode production using Seadrift needle coke is below recent market pricing for petroleum needle coke

IEA Global EV Deployment Forecast (millions)[1]

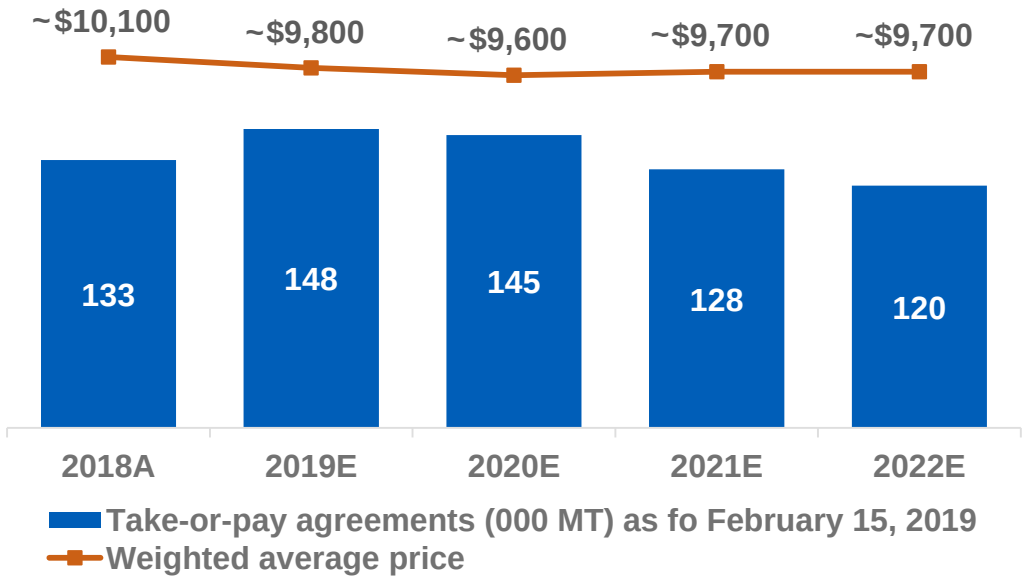


[1]International Energy Agency (IEA), Global EV Outlook 2018

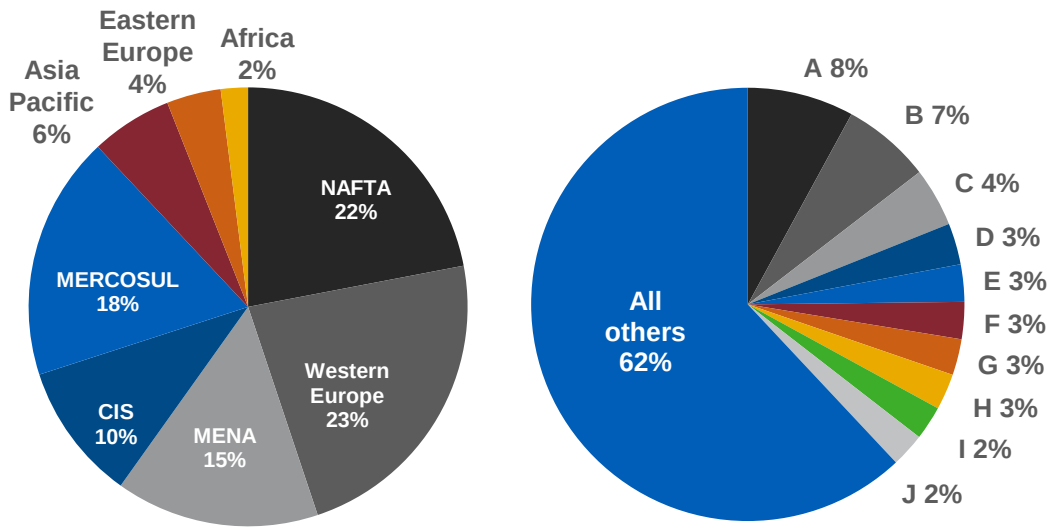
Unique Long-term Contracts Provide Profitability and Visibility

- In aggregate, GrafTech has added ~40,000 MT of sales under long-term agreements for 2019-2023 at pricing above existing agreements
- Vertical integration supports commercial strategy to sell majority of volumes on long-term (3- to 5-year), take-or-pay, fixed price and volume contracts
- Long-term agreements (LTAs) with >100 customers; ~540,000 MT contracted at a weighted average contract price of ~$9,800/MT (2019 – 2023)

Take-or-Pay Agreements



>100 Customers Located Globally, With No Customer Concentration[2]

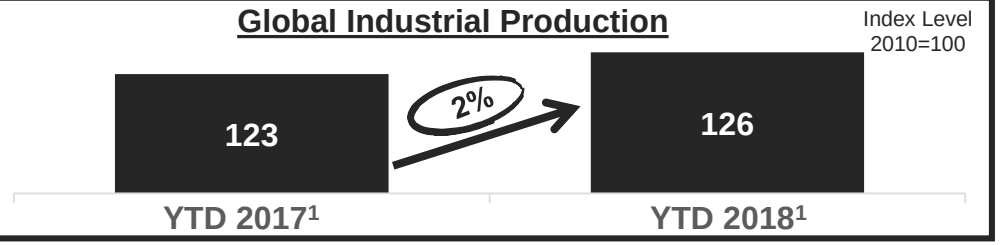


Source: GrafTech estimates; [1] Contracted revenue reflects the product of the weighted average realized contract price and the contracted volume for the period; [2] Based on contracted volume as of 2/15/2019

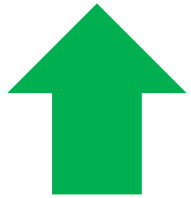
Steel Industry Trends Support Graphite Electrode Demand

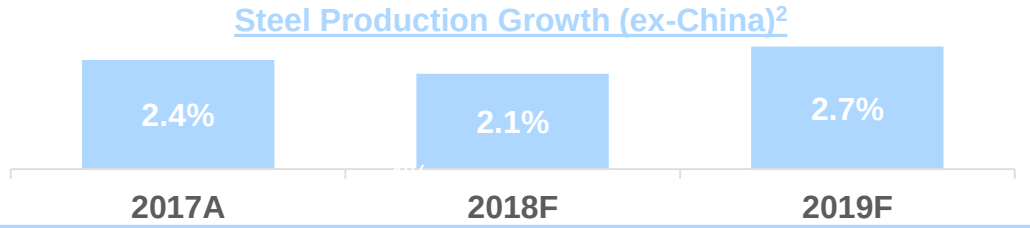
1 Solid demand from steel consuming industries



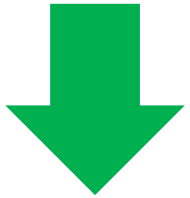


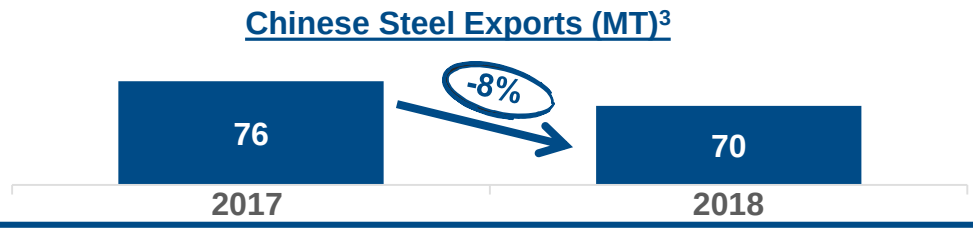
2 Steel production growth in our key markets remains robust



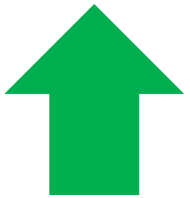


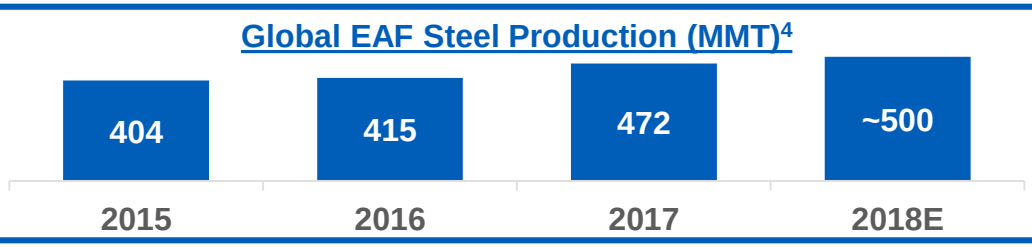
3 Chinese exports remain subdued





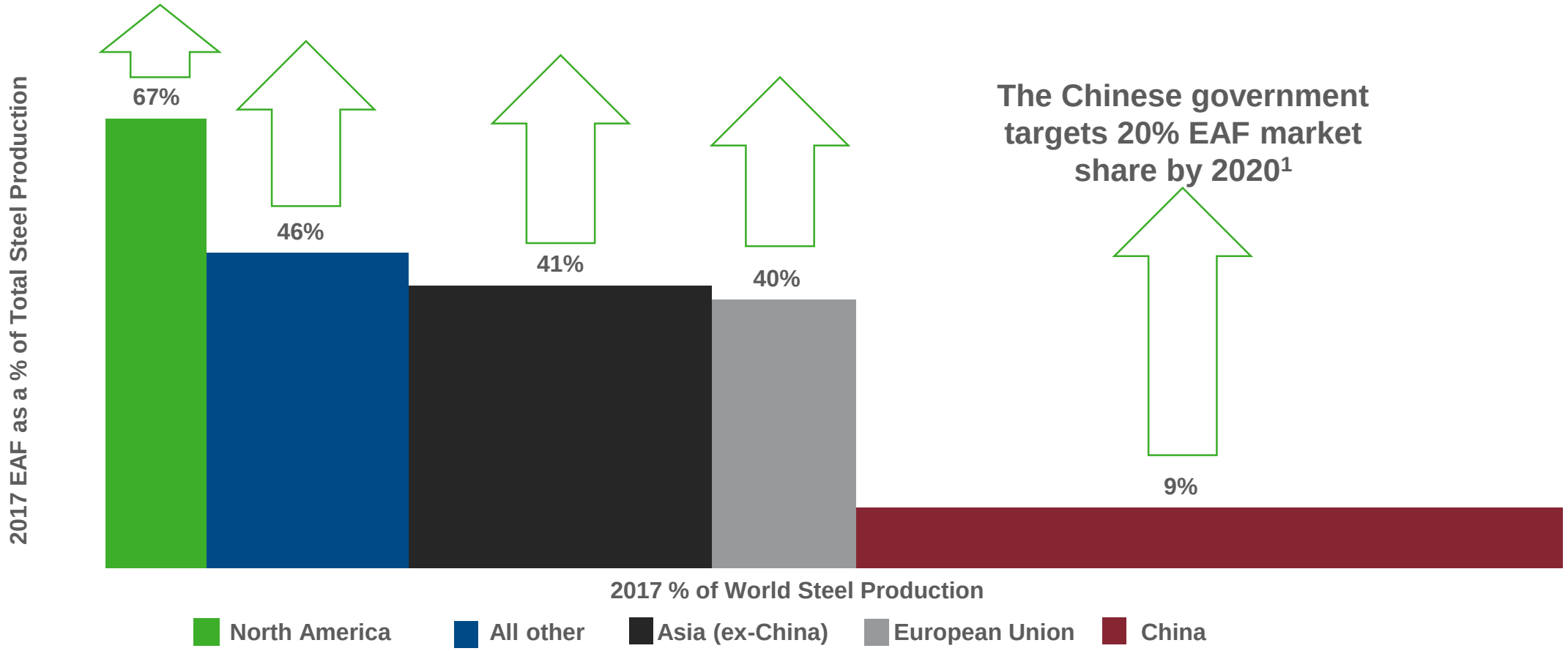
4 EAFs continuing to take share





[1] Bloomberg, November production level for 2017 and 2018; [2] Per World Steel Association's October 2018 Short Range Outlook [3] Bloomberg [4]World Steel Association and management estimates

Global Shift to EAF Steel Production



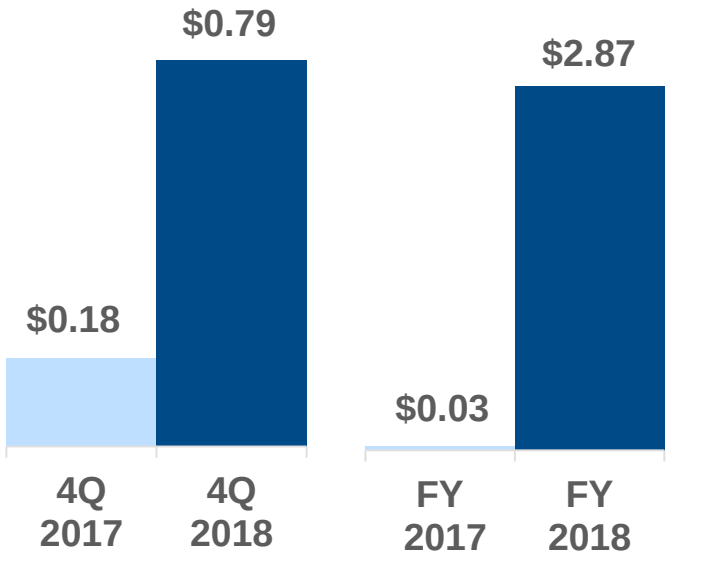
EAF steelmaking continues to take market share including aggressive Chinese EAF growth targets

Source: World Steel Association
[1]China's 12th Five Year Plan, released in 2011

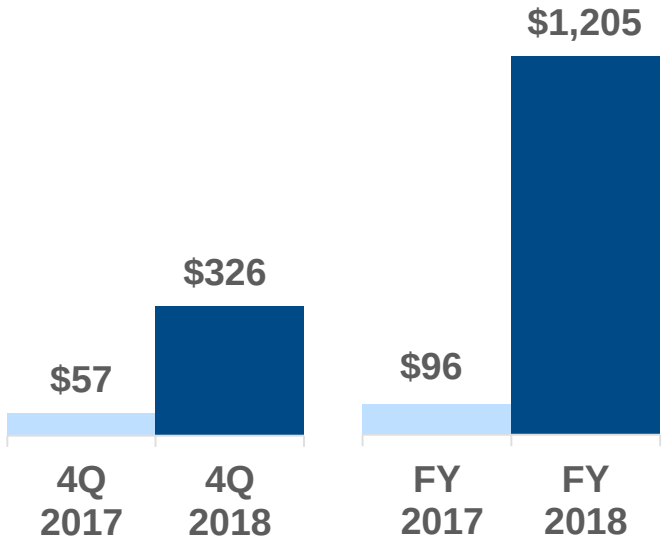
Delivering Value Through Strategic Execution

- Financial results benefit from increased sales volumes and weighted average realized price
- Cost of sales continue to be impacted by higher third party raw materials costs
- 4Q 2018 EPS of $0.79 up 18% from 3Q 2018
- 4Q 2018 Adjusted EBITDA from continuing operations[2] up 18% from 3Q 2018
- Free cash flow[3] of over $200M for the third consecutive quarter

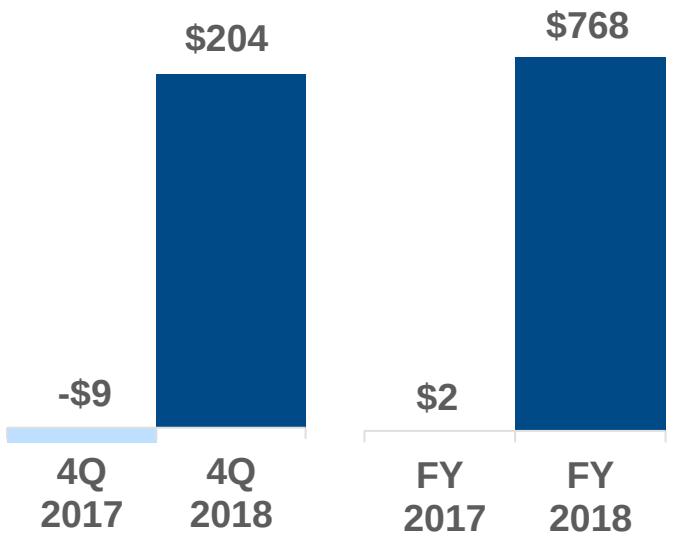
Earnings Per Share[1]



Adj. EBITDA Cont'g Ops ($M)[2]



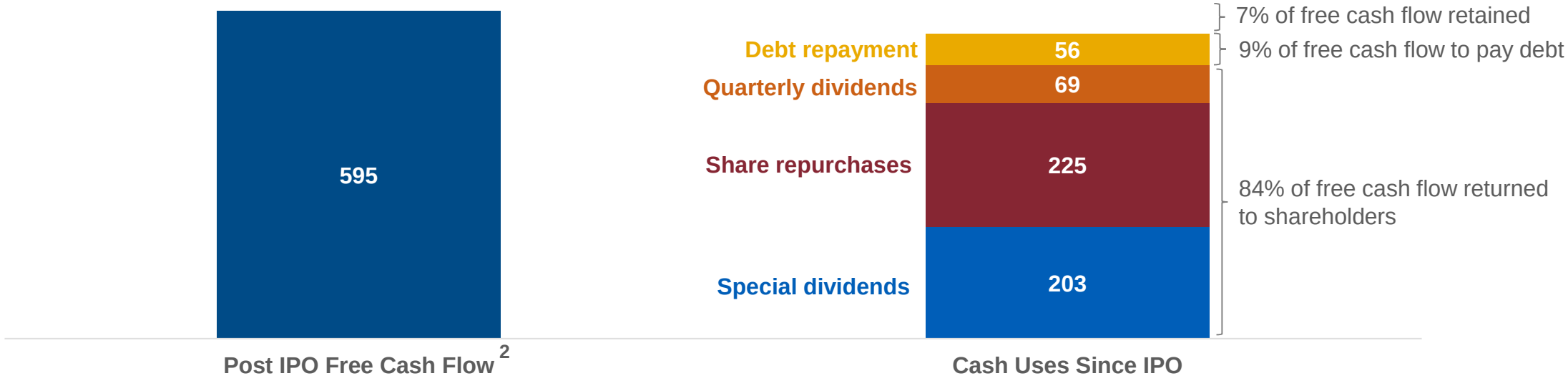
Free Cash Flow ($M)[3]



[1] Earnings per share represents diluted earnings per share after giving effect to the stock split effected on April 12, 2018 and the share repurchase effected on August 13, 2018, resulting in 290,537,612 shares outstanding. [2] Non-GAAP measure, see page 21 for reconciliation. [3] Non-GAAP measure, see page 22 for reconciliation

Shareholder Returns and Maintaining a Strong Balance Sheet

Capital Allocation in 2018 Since IPO[1]



- GrafTech has returned the majority of free cash flow to shareholders while maintaining a strong balance sheet
  - Regular quarterly dividends: sustainable through the cycle
  - Share repurchases: accretive without impairing trading liquidity
  - Special dividends: efficient method to return free cash flow without impacting liquidity

[1] Excludes dividends declared prior to IPO but executed after IPO ($160 million cash dividend paid out of cash on hand generated prior to IPO and a $750 million dividend of note) [2] Non-GAAP measure, see page 22 for reconciliation

GrafTech's Financial Policy

Strong liquidity and cash flows

- As of 12/31/18, total liquidity was approximately $295M[1] including $50M in cash and equivalents
- Full year 2018 free cash flow[2] of $768M

Manage the business in a responsible manner

- Focus on operational improvement with appropriate levels of capital investment
- Full year 2018 capital expenditures of $68M

Deploy capital for shareholder returns in a disciplined manner

- Board and management continue to evaluate dividend and share repurchase options[3]

Maintain prudent capital structure to ensure operational and strategic flexibility

- Current leverage[4] of 1.8x debt to Adjusted EBITDA from continuing operations
- Debt repayment of $125M in Q1 2019

[1] Liquidity includes available revolver capacity and cash and equivalents [2] Non-GAAP measure, see page 22 for reconciliation [3] Any dividends or share repurchases are subject to the discretion and approval by the Board of Directors and may vary in amounts from prior periods due to circumstances considered by the Board of Directors at the time of such approval. [4] Leverage is defined as total debt divided by Adjusted EBITDA from continuing operations; Current leverage calculated using Adjusted EBITDA from continuing operations for the year ended December 31, 2018 of $1,205M and total debt of $2,157M.

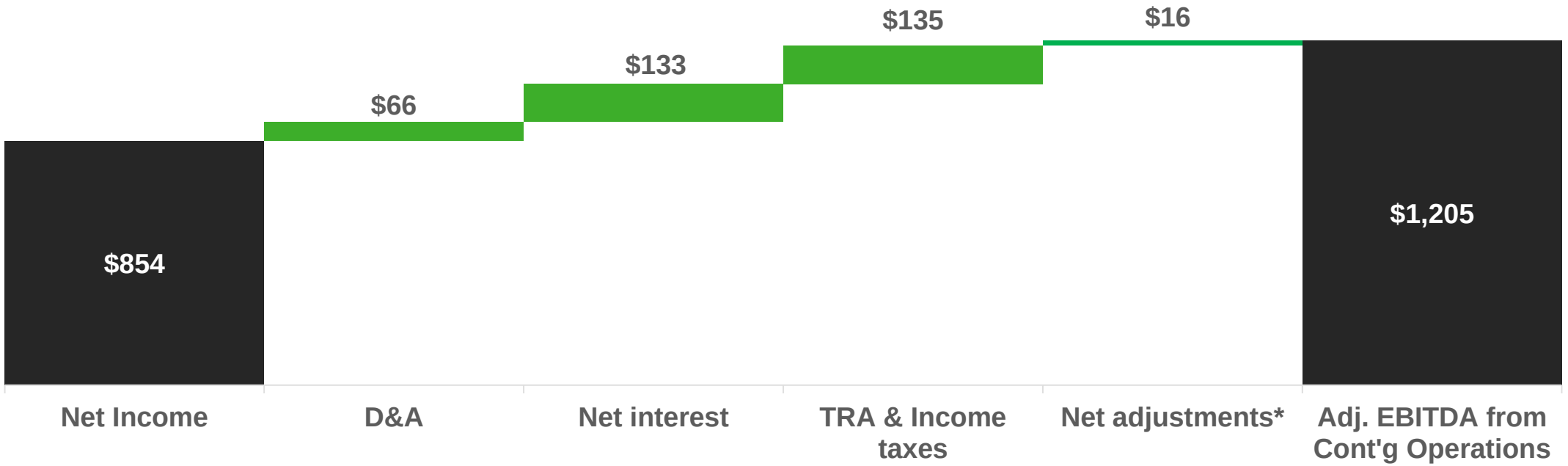
Key Investment Highlights

- ☑ Mission critical, highly engineered consumable for the high growth EAF market
- ☑ Market leading high capacity, low cost, high quality production
- ☑ Vertical integration provides sustainable competitive advantage
- ☑ Unique long-term contracts provide profitability, stability and visibility
- ☑ Prioritizing shareholder returns and debt repayments



Appendix

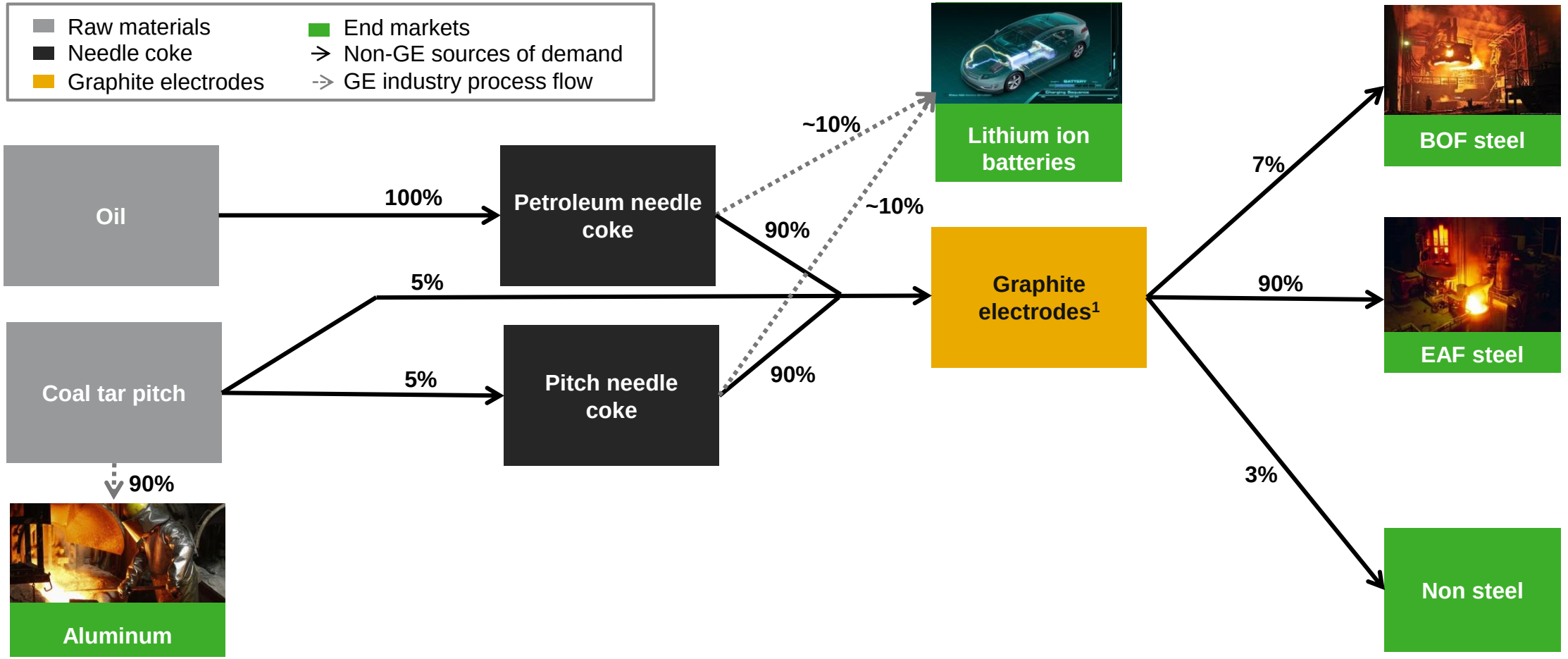
$1.2B FY18 Adjusted EBITDA from Continuing Operations



- GrafTech reported record Net Income of $854 million and Adjusted EBITDA from Continuing Operations of $1.2 billion
- As disclosed in our IPO, we entered into a Tax Receivable Agreement (TRA) with Brookfield whereby Brookfield would receive 85% of the benefit of certain realized pre-IPO tax assets (e.g. NOLs)
- In Q2 and Q4 2018, we recognized a positive asset value for tax assets and accrued a corresponding liability for the TRA; the net impact of these adjustments are included in TRA & Income taxes

*Includes Pension and OPEB plan expenses, Initial public offering expenses, Non-cash loss on foreign currency remeasurement, Stock-based compensation, Non-cash fixed asset write-off and Loss on discontinued operations

Supply Chain Overview

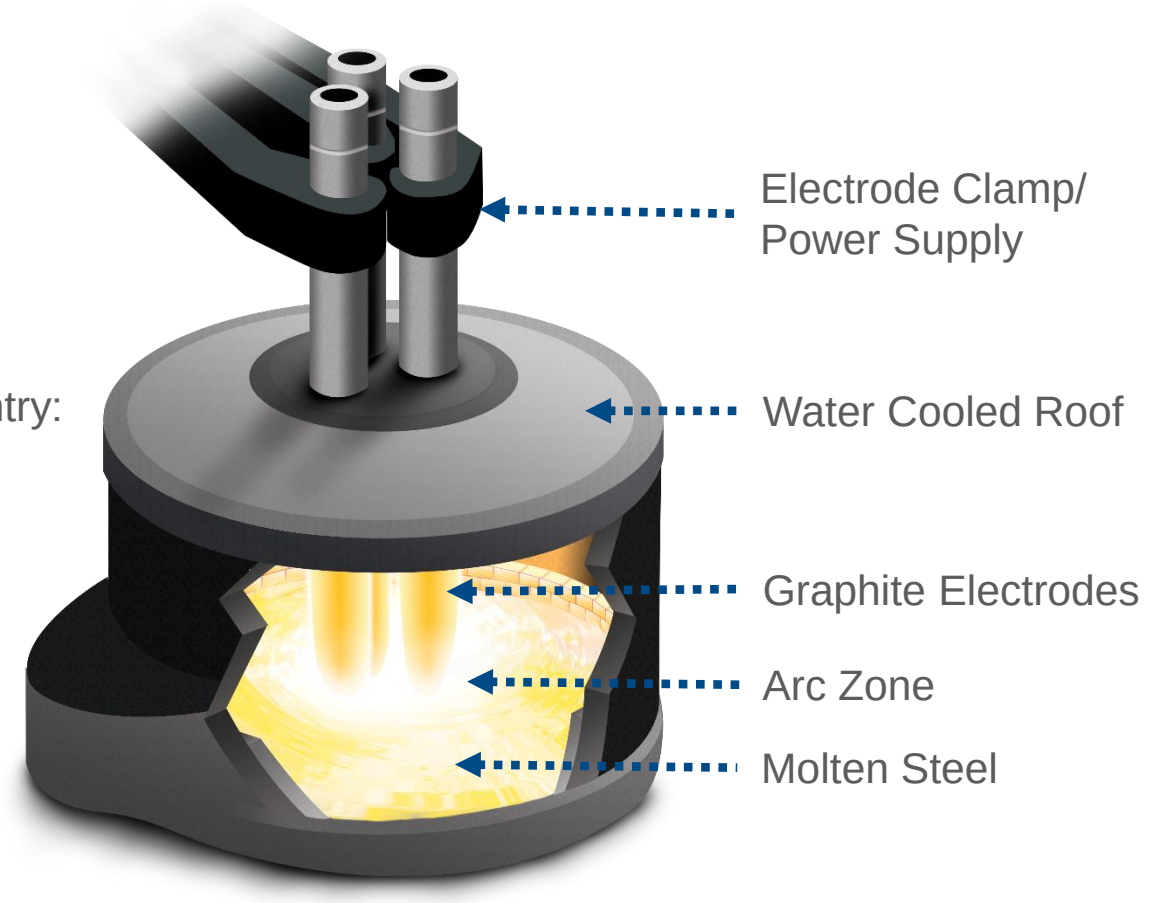


Electrode production globally (ex. China) is focused on the manufacture of ultra-high power (UHP) electrodes for EAFs, while the majority of Chinese production is of ladle electrodes for BOFs

Source: GrafTech estimates [1] Graphite electrode sales represent sales outside of China

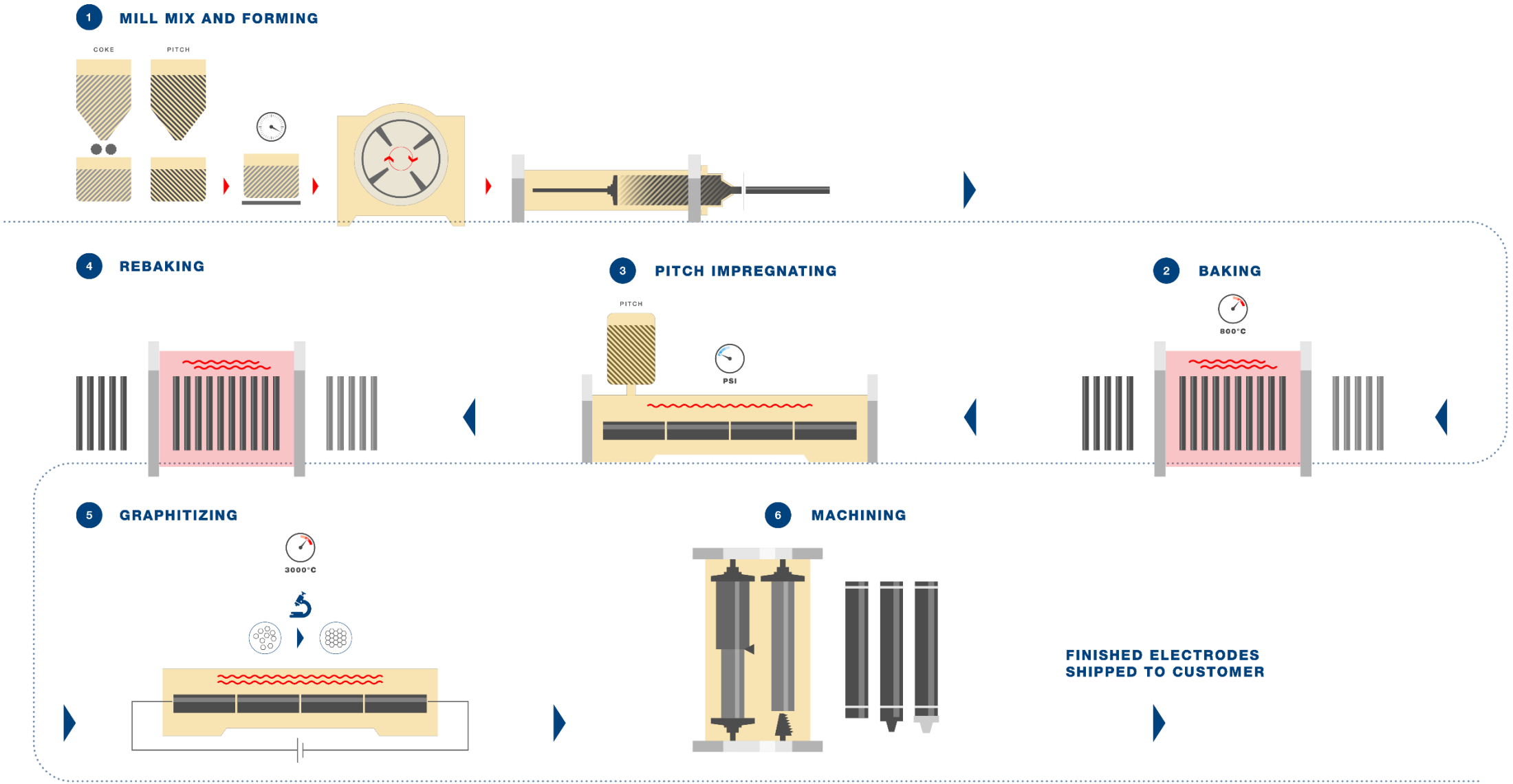
Graphite Electrodes – Mission Critical for EAF Steelmaking

- Conducts electricity to melt scrap metal
- Highly engineered
  - 130+ years of R&D and technical know-how
  - ~200 granted patents and patents pending
  - Dedicated team of scientists
- The graphite electrode market has high barriers to entry:
  - Difficult to produce
  - Requires extensive product/process knowledge
  - High initial capital investment
- 3-6 months to produce; 8-10 hours to consume
- Approximately 1-5% of steel production cost



No known substitute for graphite electrodes in EAF process

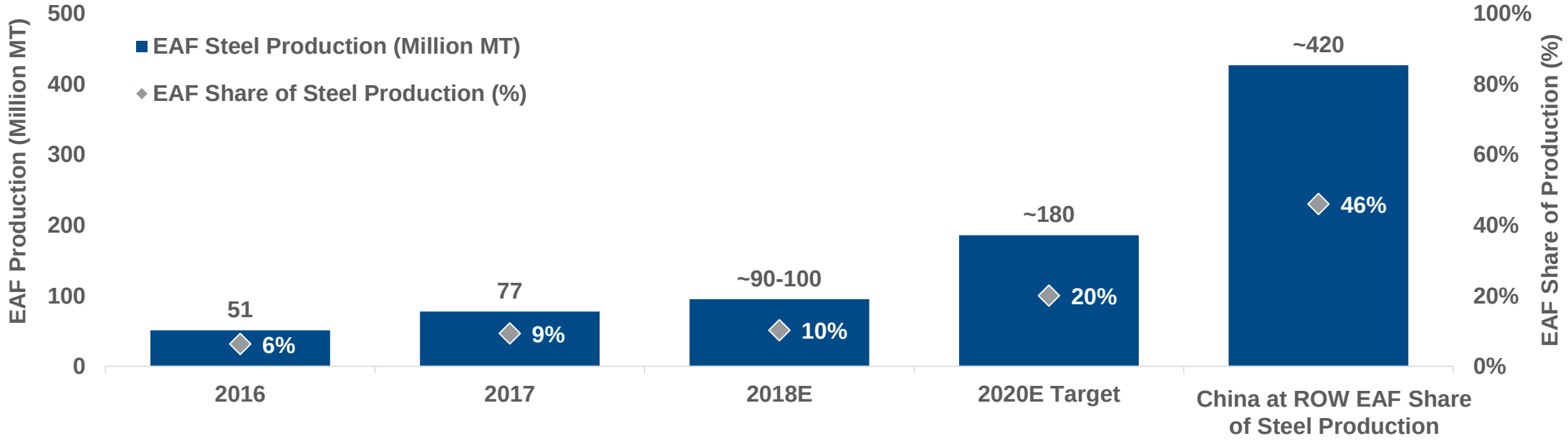
Graphite Electrode Manufacturing Process



China EAF Growth Provides a Tailwind for Graphite Electrodes

- According to Platts, Chinese Electric Arc Furnace (EAF) steel production has almost doubled from 2016 to 2018
- The Chinese Government had previously targeted a 20% market share for EAF steel production by 2020[1], and remains focused on mitigating the environmental impact of its steel industry — favoring more environmentally friendly EAF steel production

Potential Incremental Chinese EAF Steel Production[2]



[1]Source: China's 12th Five Year Plan, released in 2011 [2] World Steel Associations, Platts, Management estimates

Disclosures

Non-GAAP financial measures

Investors are encouraged to read the information contained in this presentation in conjunction with the following information, the Forward-looking statements information on slide 1 and the factors described under the “Risk Factors” section of the Company’s annual report on Form 10-K and disclosure in the Company’s other SEC filings.

Adjusted EBITDA from continuing operations, a non-GAAP financial measure, 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 define Adjusted EBITDA from continuing operations as EBITDA from continuing operations plus any pension and other post-employment benefit plan expenses, impairments, rationalization-related charges, costs related to our initial public offering, acquisition and proxy contest costs, non-cash gains or losses from foreign currency remeasurement of non-operating liabilities in our foreign subsidiaries where the functional currency is the U.S. dollar, related party Tax Receivable Agreement expense, stock-based compensation and non-cash fixed asset write offs. We define EBITDA from continuing operations, a non-GAAP financial measure, as net income or loss plus interest expense, minus interest income, plus income taxes, discontinued operations and depreciation and amortization from continuing operations. We believe Adjusted EBITDA from continuing operations 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 from continuing operations 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.

Free cash flow, a non-GAAP financial measure, is a metric used by our management and our board of directors to analyze cash flows generated from operations. We define free cash flow as net cash provided by operating activities less capital expenditures. We believe free cash flow is useful to present to investors because we believe that it facilitates comparison of the Company’s performance with its competitors.

Although Adjusted EBITDA from continuing operations, free cash flow and similar measures are frequently used by other companies, our calculation of these measures is not necessarily comparable to such other similarly titled measures of other companies. The non-GAAP presentations of Adjusted EBITDA from continuing operations and free cash flow are not meant to be considered in isolation or as a substitute for analysis of our results as reported under GAAP. When evaluating our performance, you should consider these measures alongside other measures of financial performance and liquidity, including our net income (loss) and cash flow from operating activities, respectively, and other GAAP measures.

Reconciliation to Adjusted EBITDA from Cont'g Operations

(in thousands)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	2017	For the Year Ended December 31, 2018	2017
Net income (loss)	199,466	229,632	55,628	854,219	7,983
Add:					
Discontinued operations	726	254	1,347	(331)	6,229
Depreciation and amortization	16,050	18,667	15,460	66,413	64,025
Interest expense	33,855	34,674	7,583	135,061	30,823
Interest income	(562)	(589)	(75)	(1,657)	(395)
Income taxes	24,871	12,670	(14,030)	48,920	(10,781)
EBITDA from continuing operations	274,406	295,308	65,913	1,102,625	97,884
Adjustments:					
Pension and OPEB plan (gain) expenses[(1)]	483	2,415	(3,904)	3,893	(1,611)
Rationalization-related (gains)/charges[(2)]	—	—	(3,191)	—	(3,970)
Initial public offering ("IPO") expenses[(3)]	43	8	—	5,173	—
Acquisition and proxy contest costs[(4)]	—	—	—	—	886
Non-cash loss (gain) on foreign currency remeasurement[(5)]	1,404	(809)	(1,668)	818	1,731
Stock based compensation[(6)]	476	495	—	1,152	—
Non-cash fixed asset write-off[(7)]	—	3,819	—	4,882	886
Related party Tax Receivable Agreement expense [(8)]	—	24,677	—	86,478	—
Adjusted EBITDA from continuing operations	276,812	325,913	57,150	1,205,021	95,806

[(1)] Service and interest cost of our pension and OPEB plans. Also includes a mark to market loss (gain) for plan assets as of December of each year.
[(2)] Costs associated with rationalizations in our graphite electrode manufacturing operations and in the corporate structure. They include severance charges, contract termination charges, write off of equipment and (gain)/loss on sale of manufacturing sites.
[(3)] Legal, accounting, printing and registration fees associated with the initial public offering in April 2018.
[(4)] Costs associated with the merger transaction with Brookfield, resulting in change in control compensation expenses.
[(5)] Non-cash loss from foreign currency remeasurement of non-operating liabilities of our non-U.S. subsidiaries where the functional currency is the U.S. dollar.
[(6)] Non-cash expense for stock based compensation grants
[(7)] Non-cash fixed asset write-off recorded for obsolete manufacturing equipment.
[(8)] Non-cash expense for future payment to our sole pre-IPO stockholder for tax assets that are expected to be utilized.

Reconciliation to Free Cash Flow

(in thousands)	For the Three Months Ended December 31, 2018	2017	For the Year Ended December 31, 2018	2017
Net cash provided by operating activities	224,359	2,993	836,603	36,573
Capital expenditures	(20,589)	(11,637)	(68,221)	(34,664)
Free cash flow	203,770	(8,644)	768,382	1,909

(in thousands)	For the Three Months Ended June 30, 2018	Adjustment*	Pro Forma for the Three Months Ended June 30, 2018	For the Three Months Ended September 30, 2018	December 31, 2018	Estimated Post IPO April 19 to December 31, 2018
Net cash provided by operating activities	237,122	(49,509)	187,613	234,569	224,359	646,541
Capital expenditures	(14,710)	3,071	(11,639)	(18,897)	(20,589)	(51,125)
Free cash flow	222,412	(46,438)	175,974	215,672	203,770	595,416

**Adjustment to subtract 19 days or approximately 21% of the pre-IPO period (April 1, 2018 to April 19, 2018)*