

GRAFTech International

Q1 2019 Results

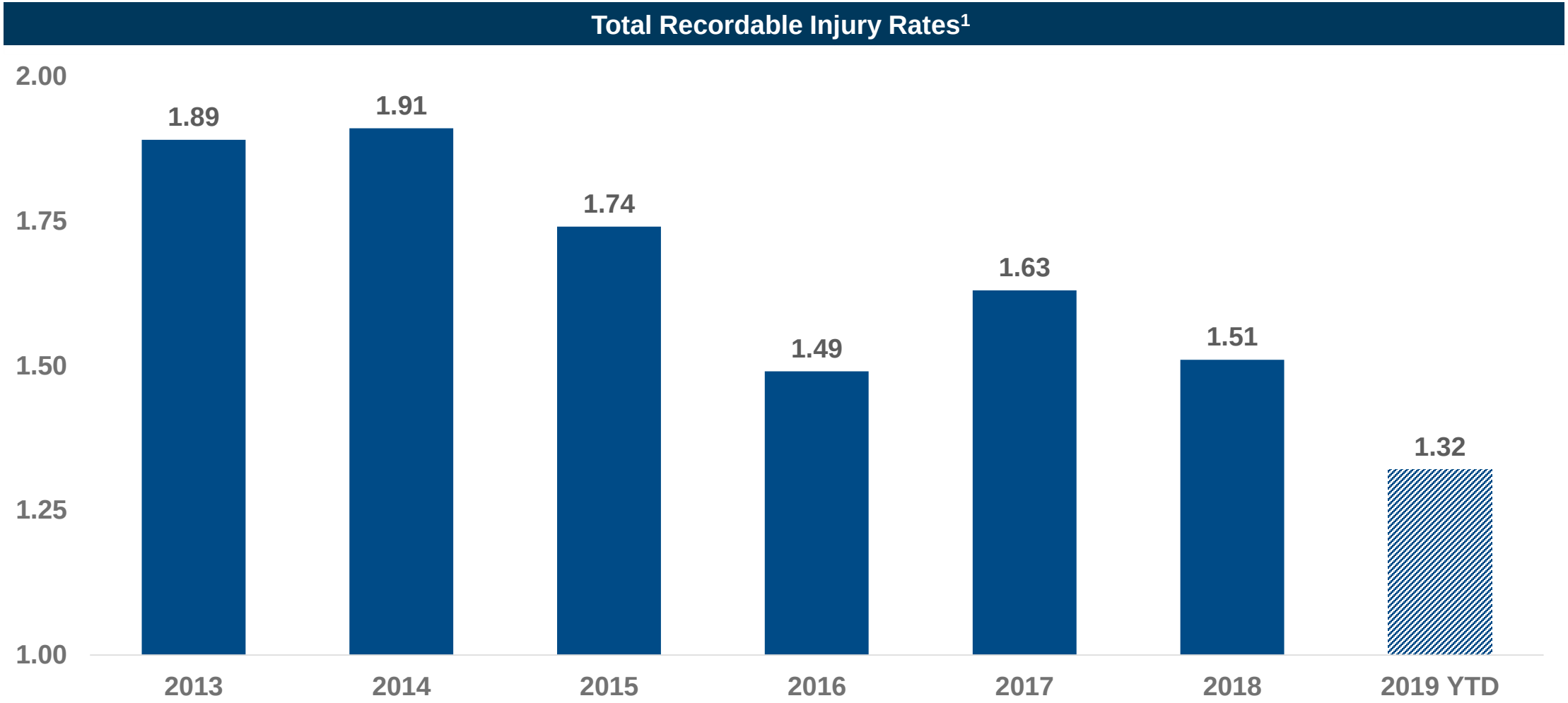
May 1, 2019

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,” “positioned to,” "are confident", "remain solid", "remain positive", "remain optimistic" or the negative version of those words or other comparable words. Any forward-looking statements contained in this news release 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. We believe that these factors include, but are not limited to: 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 tax legislation could adversely affect us or our stockholders; pricing for graphite electrodes has historically been cyclical and current prices are relatively high, however, the price of graphite electrodes may decline in the future; 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, regulatory issues, natural disasters, public health crises, political crises or other catastrophic events; 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 possibility that we may not pay cash dividends on our common stock in the future; 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; and our status as a "controlled company" within the meaning of the New York Stock Exchange (“NYSE”) corporate governance standards, which allows us to qualify for exemptions from certain corporate governance requirements.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements, including the Risk Factors section of our Annual Report on Form 10-K and other filings with the SEC. 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.

Building Safer and More Efficient Operations



[1] Year-to-date 2019 as of March 31, 2019. Total recordable injury rates measured per 200,000 hours worked

Solid Quarterly Results; Progressing Long-term Strategy

Market fundamentals
- Q1/19 weighted average realized price of $9,954 per MT[1], in line with prior year quarter
- Graphite electrode market is more balanced with recent spot pricing moving off historic highs
- Steel production and graphite electrode consumption remains healthy

Delivering growth
- Q1/19 production volume up 12% from the prior year quarter with the completion of debottlenecking projects
- FY 2019 sales volumes expected to be higher than prior year
- St. Marys provides flexibility; market conditions don't currently support additional volumes

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

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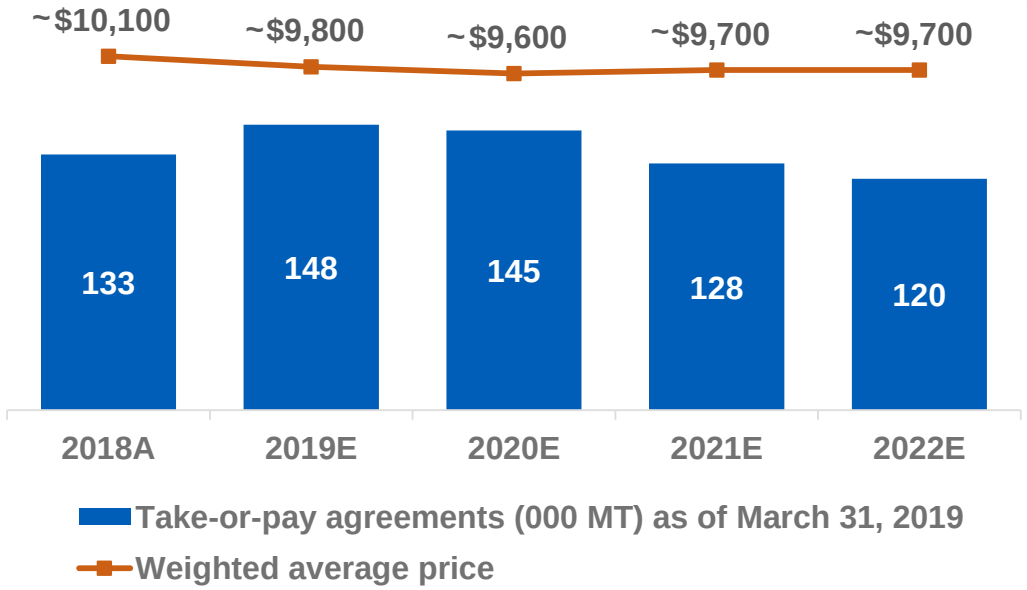
[1]Recast beginning Q1 2019, please see slide 6 for additional information

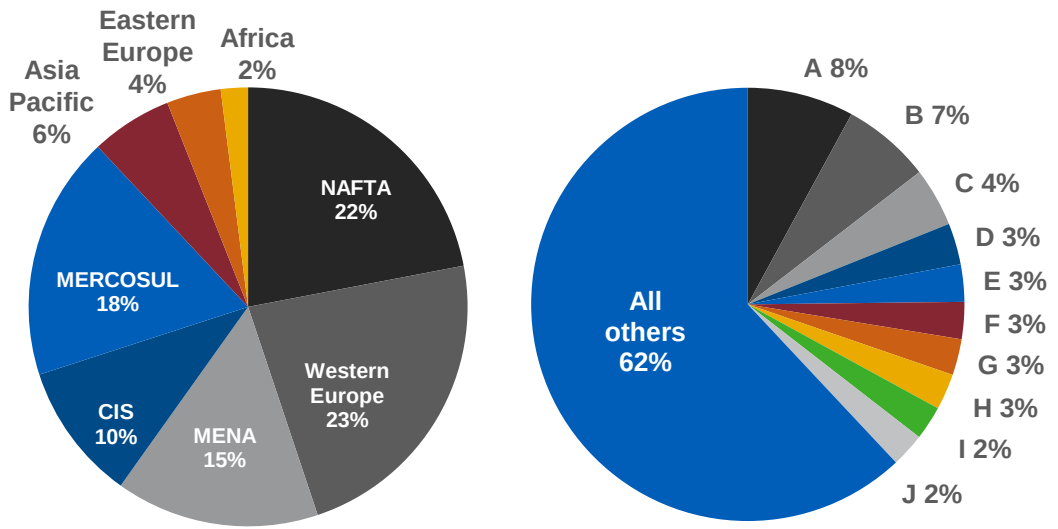
Long-term Contracts Provide Profitability and Visibility

- 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; ~675,000 MT contracted at a weighted average contract price of ~$9,800/MT (2018 – 2023)

Take-or-Pay Agreements



>100 Customers Located Globally, With No Customer Concentration[1]

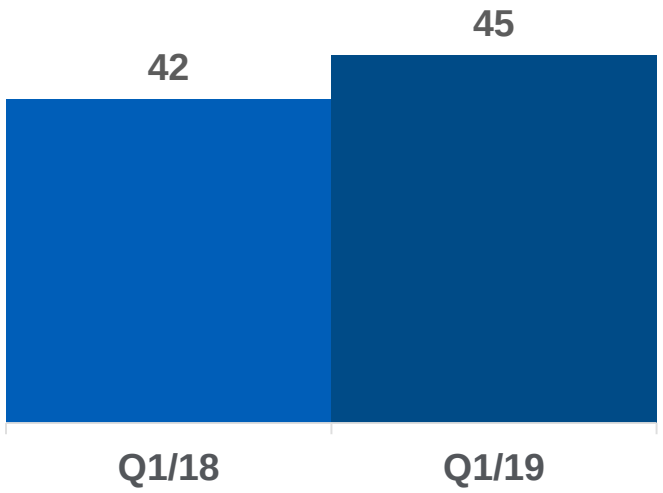


Source: GrafTech estimates; [1] Based on contracted volume as of 3/31/2019

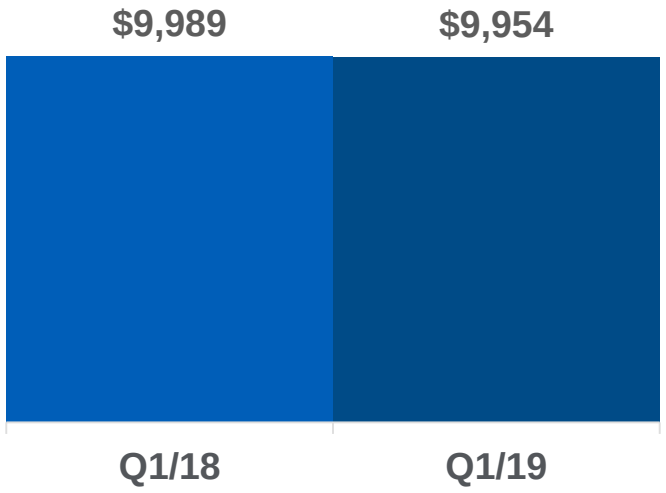
Higher Net Sales Driven by Higher Volumes

- Q1/19 sales volumes up from the prior year quarter with completion of debottlenecking projects
- Q1/19 weighted average realized price in line with prior year quarter and preceding quarter
- Q1/19 net sales up from the prior year quarter due to higher volumes

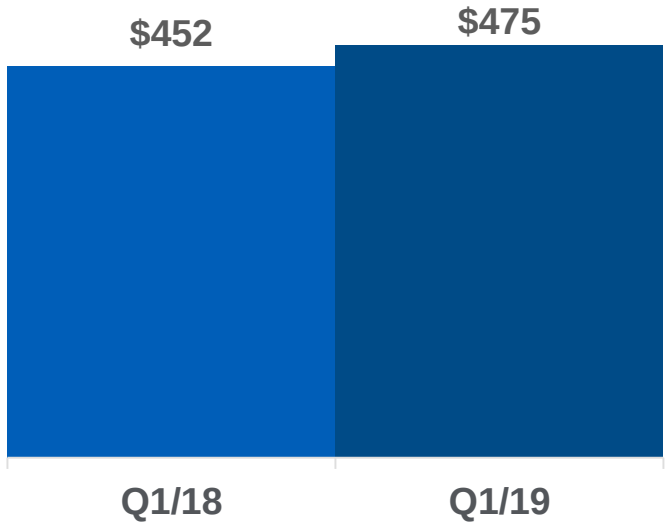
Sales Volumes (000 MT)[1,2]



Weighted Avg. Realized Price ($/MT)[1,3]



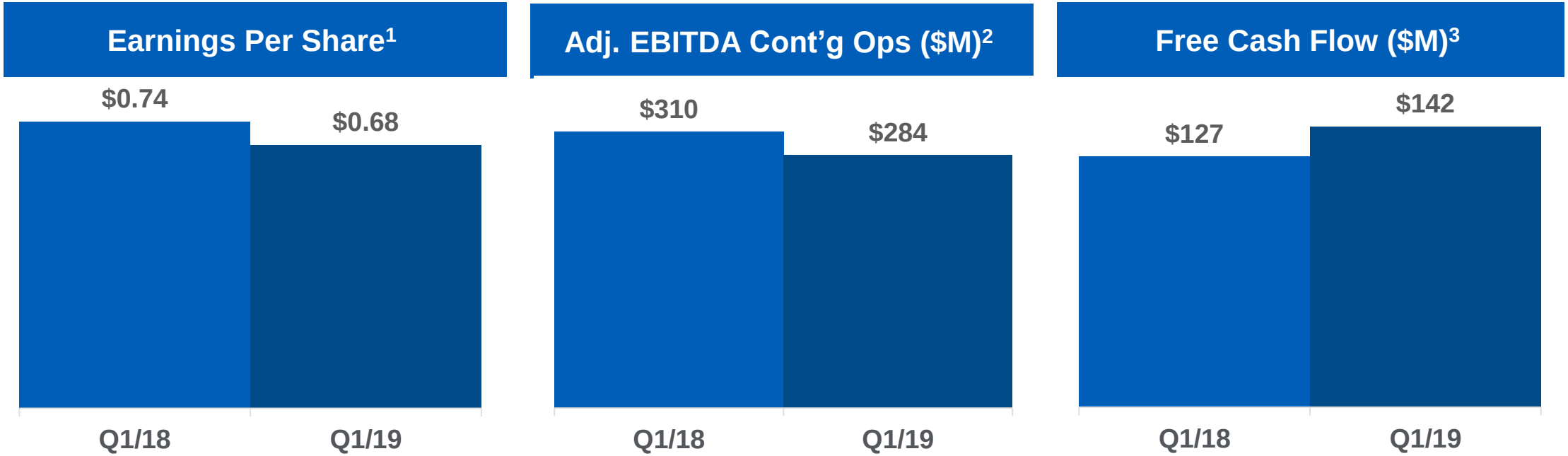
Net Sales ($M)



[1] As of Q1/19, sales volume and weighted average realized price have been recast to include only graphite electrodes manufactured by GrafTech. This presentation better reflects management's assessment of profitability and excludes resales of low grade electrodes manufactured by third-party suppliers. For comparability purposes, the prior period has been recast to conform to this presentation. [2] Sales volume has been recast to reflect the total sales volume of GrafTech manufactured graphite electrodes for which revenue has been recognized during the period. [3]Weighted average realized price has been recast to reflect the total revenues from sales of GrafTech manufactured graphite electrodes for the period divided by the total sales volume of GrafTech manufactured graphite electrode for that period.

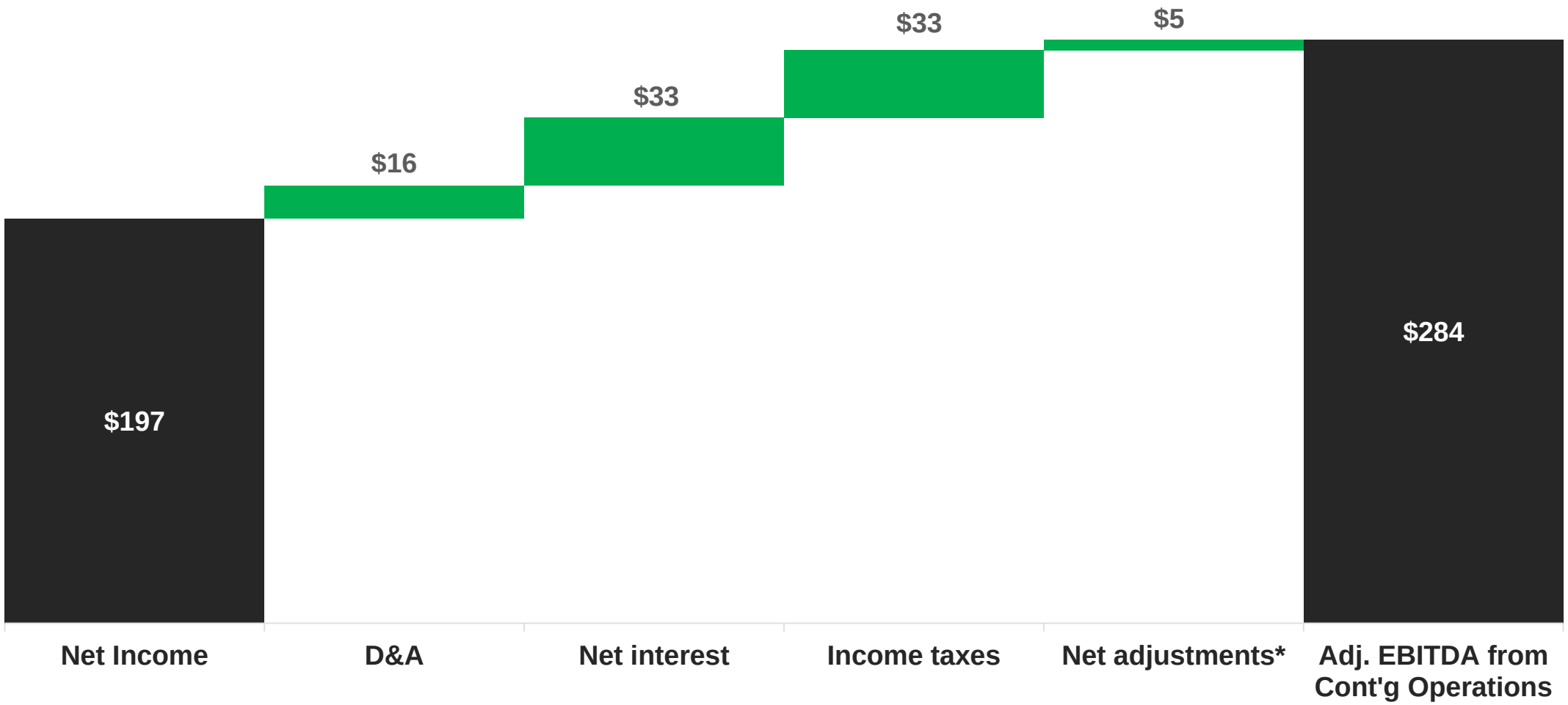
Continued Strong Financial Results

- Financial results benefitted from increased net sales offset by higher cost of sales; cost of sales continue to be impacted by higher third party needle coke costs
- Q1/19 Free cash flow[3] was up 12% from the prior year period
  - Q1/18 Free cash flow was impacted primarily by a significant one-time increase in accounts receivable related to higher graphite electrode pricing
  - Q1/19 Free cash flow was impacted by timing of annual cash tax payments



[1] Earnings per share represents diluted earnings per share after giving effect to the stock split effected on April 12, 2018 for both periods and the share repurchase effected on August 13, 2018, resulting in weighted average shares outstanding of 290,566,163 and 302,225,923 for the three months ended March 31, 2019 and 2018, respectively. [2] Non-GAAP measure, see page 15 for reconciliation. [3] Non-GAAP measure, see page 16 for reconciliation

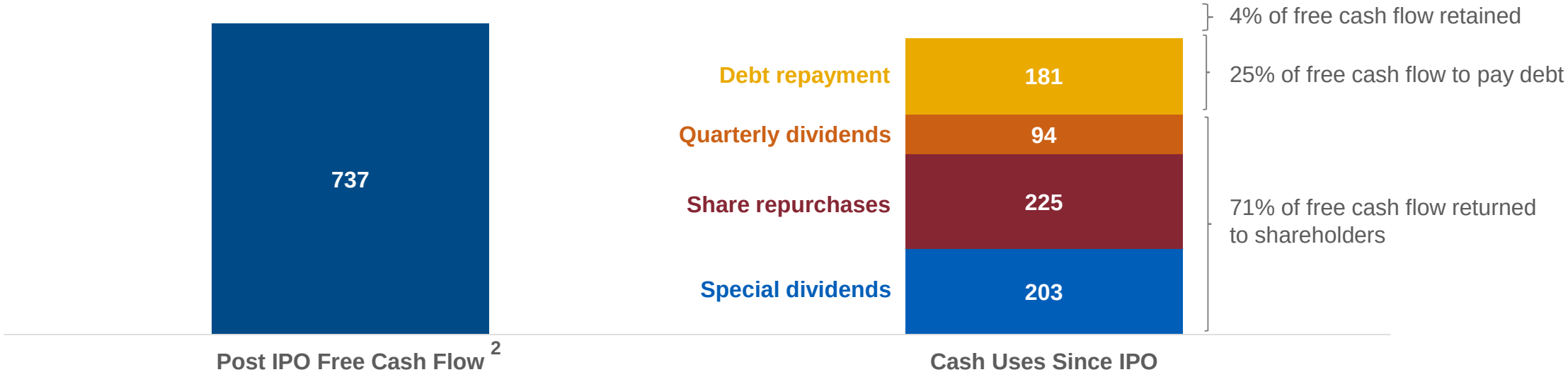
$284M Q1 2019 Adjusted EBITDA from Continuing Operations



*Includes Pension and OPEB plan expenses, Rationalization-related gains, Public offering expenses, Non-cash loss on foreign currency remeasurement, Stock-based compensation, Non-cash fixed asset write-off

Strong Track Record of Shareholder Returns

Capital Allocation Since IPO[1]



- GrafTech has returned 71% of free cash flow to shareholders while maintaining a strong balance sheet
- Debt repayment and shareholder returns are key priorities
  - Regular quarterly dividend: sustainable through the cycle, designed to be in-line with market dividend yields
  - Share repurchases are accretive to all shareholders and a tax efficient distribution
  - Direct repurchases address overhang and preserve liquidity in the markets

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[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 16 for reconciliation

Balance reinvestment, debt repayment, shareholder returns

Solid financial results

- As of 3/31/19, total liquidity was approximately $288M[1] including $42M in cash and equivalents
- Trailing 12-month free cash flow[2] of $784M

Reinvest in the business to maintain productive, high quality, low cost operations

- Focus on operational improvements with appropriate levels of capital investment
- Expect 2019 capital expenditures of $60M – $70M

Maintain prudent capital structure to ensure operational and strategic flexibility

- Manage over time to maintain a prudent capital structure consistent with the nature of the business
- Will consider the evolving market conditions and associated product price volatility

Return capital to shareholders

- Targeting ~50 – 60% of 2019 free cash flow[2] to be returned to shareholders with the balance for debt repayment[3]

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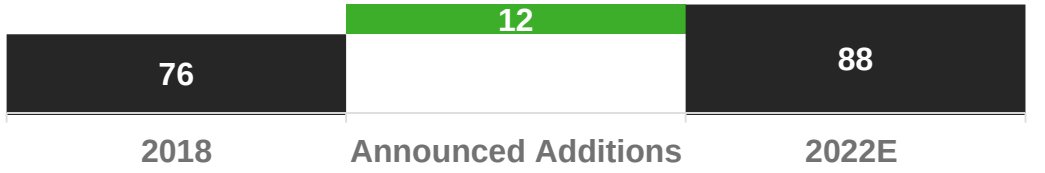
[1] Liquidity includes available revolver capacity and cash and equivalents [2] Non-GAAP measure, see page 16 for reconciliation. [3]Any dividends or share repurchases are subject to the discretion and approval by the Board of Directors and may vary in amounts from prior periods due to circumstances considered by the Board of Directors at the time of such approval

Steel Industry Trends

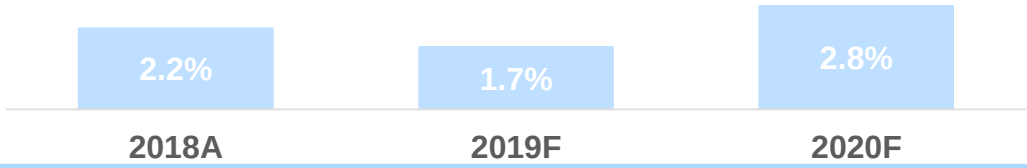
1 Announced U.S. EAF capacity additions support graphite electrode demand

U.S. EAF Steel Capacity (MMT)[1]



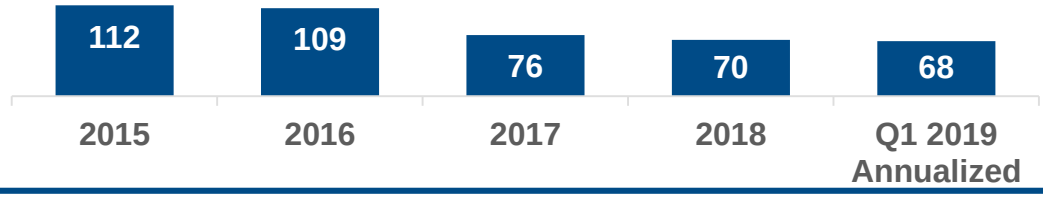
2 Near-term steel production growth moderating in some key markets

Steel Production Growth (ex-China)[2]



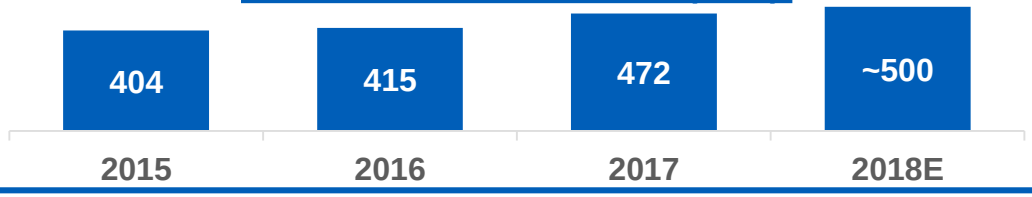
3 Chinese steel exports remain subdued

Chinese Steel Exports (MMT)[3]



4 EAFs continuing to take share

Global EAF Steel Production (MMT)[4]



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[1] Wood Mackenzie, BAML, management estimates [2] World Steel Association's April 2019 Short Range Outlook [3] Bloomberg [4] World Steel Association and management estimates

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 security of supply and sustainable competitive advantage
- ☑ Long-term contracts provide profitability, stability and visibility
- ☑ Prioritizing shareholder returns and debt repayments



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, rationalization-related charges, initial and follow-on public offering expenses, 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 March 31, 2019	2018
Net income (loss)	197,436	223,673
Add:		
Discontinued operations	-	(1,626)
Depreciation and amortization	15,585	16,328
Interest expense	33,700	37,865
Interest income	(414)	(115)
Income taxes	32,418	28,643
EBITDA from continuing operations	278,725	304,768
Adjustments:		
Pension and OPEB plan (gain) expenses[(1)]	770	511
Initial and follow-on public offering expenses[(2)]	685	3,187
Non-cash loss (gain) on foreign currency remeasurement[(3)]	411	1,873
Stock based compensation[(4)]	292	-
Non-cash fixed asset write-off[(5)]	2,932	-
Adjusted EBITDA from continuing operations	283,815	310,339

(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) Legal, accounting, printing and registration fees associated with the initial and follow-on public offerings.
(3) 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.
(4) Non-cash expense for stock based compensation grants
(5) Non-cash fixed asset write-off recorded for obsolete manufacturing equipment.

Reconciliation to Free Cash Flow

(in thousands)	For the Three Months Ended March 31, 2019	2018
Net cash provided by operating activities	156,817	140,553
Capital expenditures	(14,569)	(14,025)
Free cash flow	142,248	126,528

(in thousands)	June 30, 2018	September 30, 2018	For the Three Months Ended December 31, 2018	March 31, 2019	For the Twelve Months Ended March 31, 2019
Net cash provided by operating activities	237,122	234,569	224,359	156,817	852,867
Capital expenditures	(14,710)	(18,897)	(20,589)	(14,569)	(68,765)
Free cash flow	222,412	215,672	203,770	142,248	784,102

(in thousands)	Three Months Ended June 30, 2018	Adjustment*	Pro Forma for the Three Months Ended June 30, 2018	September 30, 2018	For the Three Months Ended December 31, 2018	March 31, 2019	Estimated Post IPO April 19, 2018 to March 31, 2019
Net cash provided by operating activities	237,122	(49,509)	187,613	234,569	224,359	156,817	803,358
Capital expenditures	(14,710)	3,071	(11,639)	(18,897)	(20,589)	(14,569)	(65,694)
Free cash flow	222,412	(46,438)	175,974	215,672	203,770	142,248	737,664

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

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