Q2 2023 Financial Results

3 August 2023

Overview Q2

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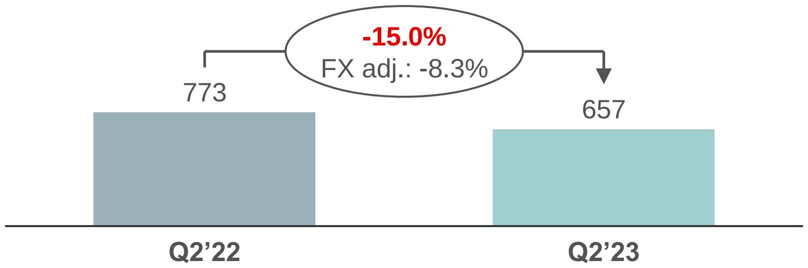
8% organic sales growth in Surface Solutions despite challenging environment; Filament market with limited activity for Polymer Processing Solutions

Orders

- **Order intake -8.3%** YoY at constant FX, including +5.7% from M&A [1)]
- Driven by filament customers delaying investment decisions; Surface Solutions book-to-bill slightly above 1

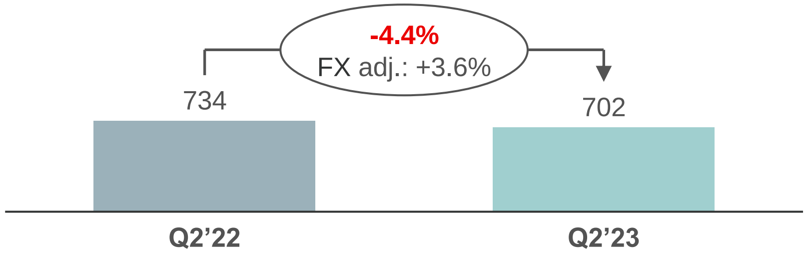
FX with significant headwind:

Vs CHF	Since Jan 2023 [2)]	Since Jan 2020 [2)]
EUR	-2%	-10%
USD	-7%	-11%
CNY	-11%	-15%



Sales

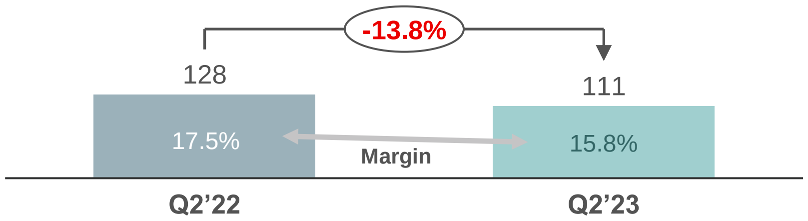
- **Sales +3.6%** at constant FX, including +5.9% from M&A [1)]
- Surface Solutions with +7.8 organic constant FX sales growth despite contracting PMIs
- Polymer Processing Solutions impacted by postponements and Turkey earthquake



Profit

- **Operational EBITDA impacted** by FX, negative mix and higher input costs
- Continued focus on pass-on of wage inflation and energy costs
- Previously announced cost actions to positively impact H2'23

Operational EBITDA



1) Riri consolidated as of March 1, 2023; 2) Compares FX as per 18 Jul 2023 with 1 January 2023/20; * Numbers in financial charts of this presentation are in CHF m except when stated otherwise; discontinued inline ePD is excluded in 2022 operational figures

End markets impacted by increasingly challenging macro conditions

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Polymer Processing Solutions

Filament
31% of 2022 Group sales

Customers delay investments

- Difficult market environment leading to customers postponing orders (started in H2'22), impacting 2023/24 sales
- Underlying need for filament equipment intact; equipment market CAGR 01-22 of +4%

Non-Filament
19%

Flow Control supports

- Flow Control benefiting from lightweight trend in cars and market share gains in non-automotive
- Offset by some customers delaying investments in nonwoven applications

Filament order recovery expected in 2024

Surface Solutions

General Ind. & Tooling
25%

Softening industrial activity

- Euro Area and US manufacturing PMIs remained in contraction and lost momentum throughout Q2
- China PMI around neutral (~50) in Q2 … slow post-COVID recovery

Automotive
13%

Mixed picture

- Receiving mixed signals from market with limited de-stocking at some customers in Q2
- Mid single-digit light vehicles production forecast for 2023 [2] YoY driven by NA and Europe
- Successfully pioneering e-mobility applications, e.g. e-gearing and thermal insulation solutions

Luxury
7% [1]

Growth

- Solid Luxury market, e.g. +7%/14% Swiss watch exports in Apr/May
- Oerlikon experienced limited destocking in Mar / Apr; solid demand since May
- Expect high single-digit growth rates in mid-term

Aviation
6%

Continued recovery

- Recovery driven by MRO with increased flying hours
- New plane production supported by passenger growth and energy efficiency
- +46% / +39% passenger growth in Apr/May YoY [3]

PMIs remained in contraction and lost momentum throughout Q2; aviation and luxury strong

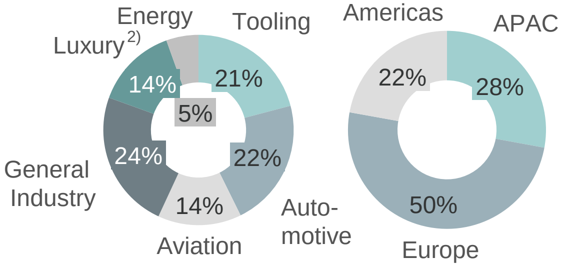
1) For comparability reasons, includes annualized sales of Riri which was acquired on 28 Feb 2023; in 2022 reporting Luxury was counted as part of General Industry end market; 2) Source LMC: 6% growth for 2023 as per July 2023; 3) Source IATA

Surface Solutions with sales growth in Q2, pricing and cost actions to support margins in H2

Markets

- **Cautious** customer purchasing behavior continued in Q2 due to macro environment
- Continued softening industrial activity across China, US and Europe
- Support from robust luxury and recovery in aviation

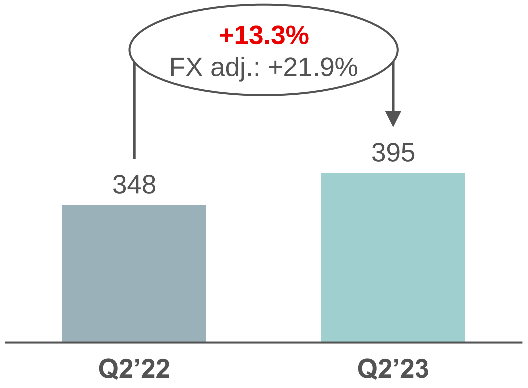
Q2'23 sales split by markets



Orders

- **Increased** +21.9% FX adjusted; including +12.7% from Riri acquisition and +9.2% organic
- Orders sequentially up with book-to-bill ratio slightly above 1
- Order growth despite contracting manufacturing PMIs

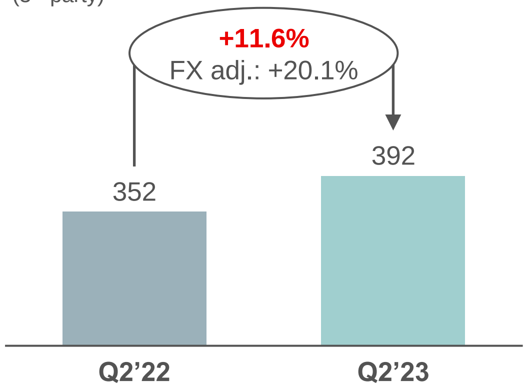
Order intake



Sales

- **Increased** +20.1% FX adjusted; including +12.3% from Riri acquisition and +7.8% organic
- Supported by aviation, general industry (incl. larger equipment and materials sales), luxury and energy; despite contracting PMI's
- **+9.9% growth in H1** (FX adjusted organic)

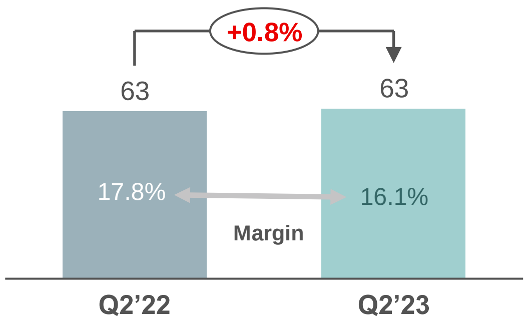
Sales
(3rd party)



Operational EBITDA

- **Impacted** by FX, negative sales mix and higher input costs (labor, energy (as hedging needs continual renewals)); furthermore, delay in Chinese industrial production recovery impacting margin
- Pricing (Jan, Jun) and cost actions, announced at Q4 results, started to phase in and will further unfold in H2, supporting margin

Operational EBITDA [1)]



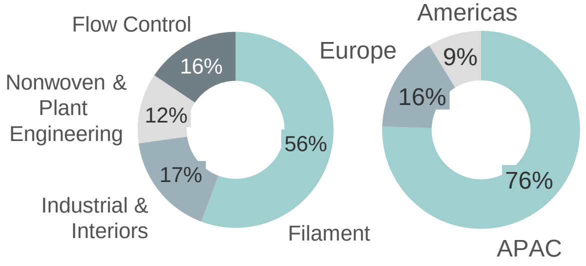
1) Margin based on unrounded figures and total sales, including intercompany sales; discontinued inline ePD is excluded in 2022 operational EBITDA; 2) Luxury includes sales of Riri (consolidated as of 1 March 2023) and Coeurdor; Luxury was counted as part of General Industry end market in 2022 and is separately reported as of 2023

Polymer Processing Solutions impacted by order postponements; non-filament and execution on cost measures on-track

Markets

- **Filament** market impacted by customers postponing orders; no sign of recovery yet
- **Non-Filament** with lower demand for carpet yarns and nonwoven as some customers are preserving cash; industrial yarn, staple fibers and Flow Control with solid demand

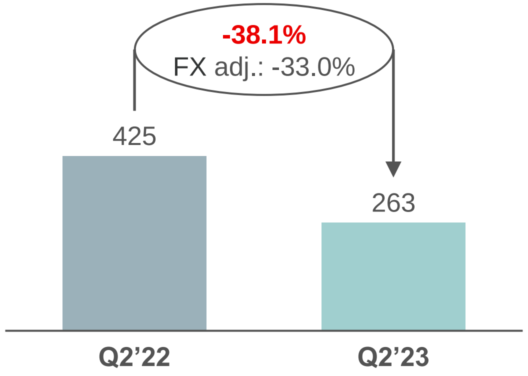
Q2’23 sales split by markets



Orders

- **Impacted** by order postponements in Filament
- YoY comparison also influenced by strong order intake in Q2’22

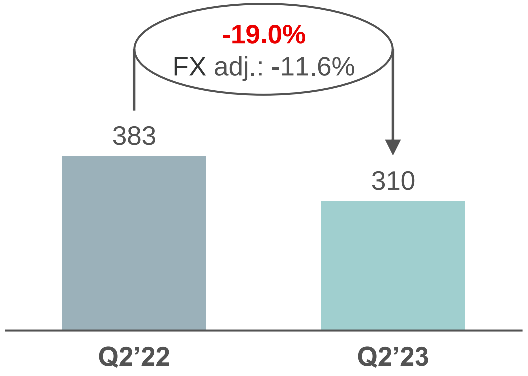
Order intake



Sales

- **Supported** by continued deliveries from last year’s strong order intake, partly offset by impacts from earthquake in Turkey, which led to postponements from Q2 into H2’23
- Stable Non-Filament sales in H1 YoY

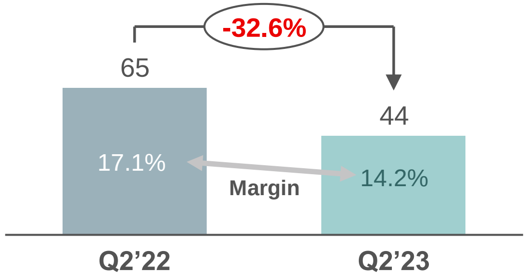
Sales
(3rd party)



Operational EBITDA

- **Margin impacted** by FX, sales mix, operating leverage and limited pass-through of higher input costs (e.g. labor, energy) to maintain volume
- Previously announced cost-out measures will start to phase during H2

Operational EBITDA 1)



1) Margin based on unrounded figures and total sales, including intercompany sales

Focus on Cash Flow and ROCE

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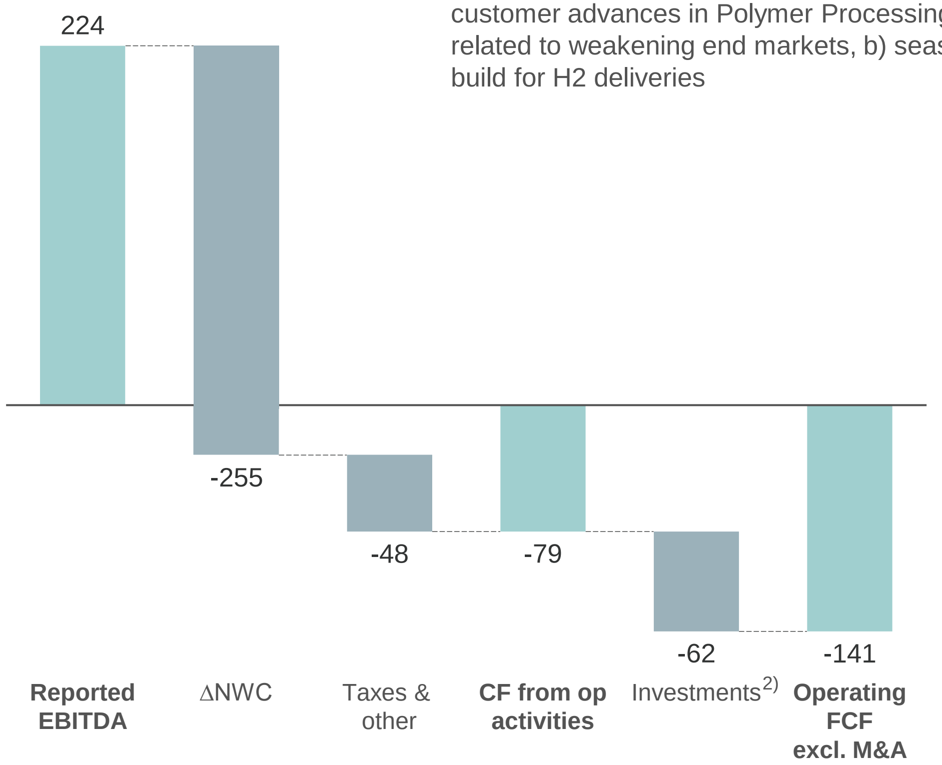
Operating FCF impacted by Net Working Capital

H1'23

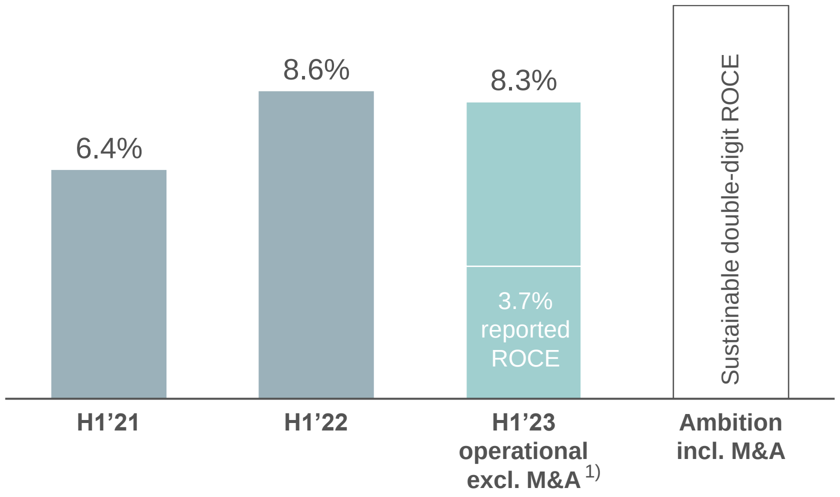
- Operating FCF transitorily impacted by NWC
- NWC increase mainly due to a) reduction in customer advances in Polymer Processing Solutions related to weakening end markets, b) seasonal NWC build for H2 deliveries



Underlying ROCE impacted by customer advances

Q2 LTM

- **Reached 8.3%** operational ROCE [1] when excluding Riri, slightly down YoY mainly due to less customer advances in Polymer Processing Solutions impacting Capital Employed
- Reported ROCE mainly impacted by Q4'22 one-offs and tax effect from cash repatriation
- Target sustainable double-digit ROCE in the mid-term, supported by market recovery, continued cost containment and disciplined execution on new capital allocation framework



1) based on operational EBIT and adj. for cash repatriation tax effect; excludes Riri acquisition; operational ROCE including Riri: 6.9%; 2) excludes M&A related investments

Updated 2023 guidance

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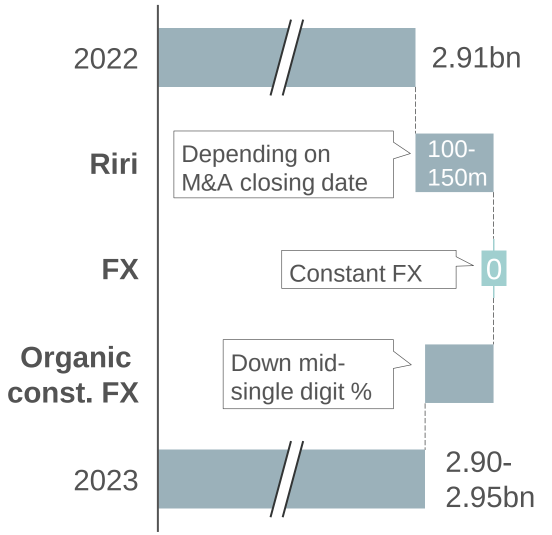
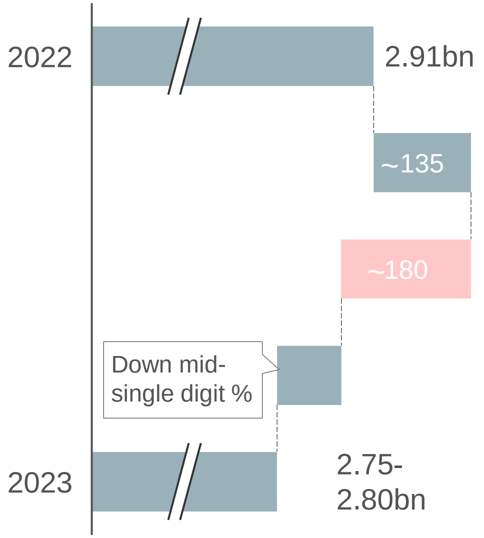
Updating sales guidance for FX - confirming organic guidance

Sales guidance as per Feb 2023



Updated sales guidance



- Continue to expect organic mid-single digit % sales decrease at constant FX, driven by postponed investment decisions in Polymer Processing Solutions
- Including better than originally expected organic sales performance in Surface Solutions, compensated by lower Polymer Processing Solutions (constant FX) [1)]

Incorporating transitory headwinds in EBITDA margin guidance

- **FX** impact on margins due to larger exposure of strengthened CHF in cost base (e.g. corporate costs, R&D) than in sales
- **Adverse sales mix** driven by a) increased share of equipment/ materials and slower than expected Chinese industrial production recovery in Surface Solutions and b) less carpet yarn in Polymer Processing Solutions
- **Higher input costs** (labor & energy) while the macro environment to pass through **pricing** becomes increasingly difficult
- **H2 to be supported** by strong focus to pass on input costs and phase-in of previously announced cost measures

Updated guidance

Sales	**2.75 - 2.80 bn** (previous 2.90-2.95)
Operational EBITDA margin	**~15.5%** (previous 16.0-16.5%)

1) Divisional guidance as per Feb 2023: Surface Solutions with +1% organic growth at constant FX, Polymer Processing Solutions with -8% organic growth at constant FX (see also p.18 of FY'22 earnings presentation)

Q2 conclusion: Managing short-term headwinds …

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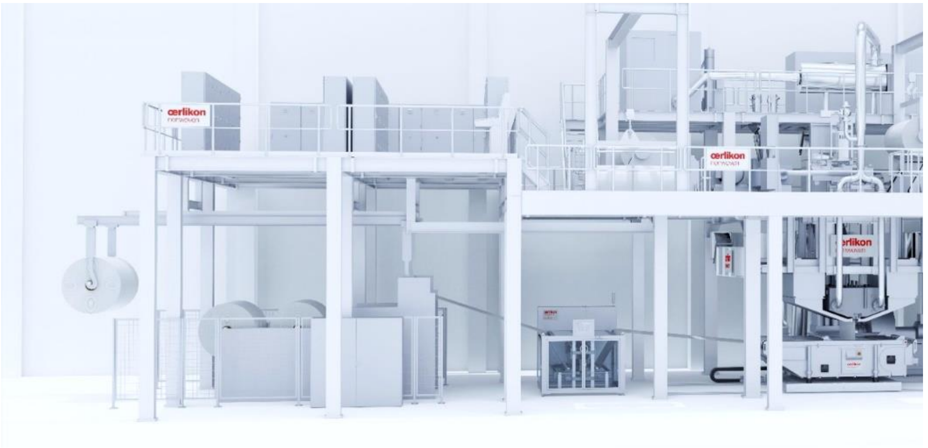
- **Surface Solutions with 10% sales growth** in H1 (organic, FX adj.) despite contracting manufacturing PMIs
- Cost and pricing measures to positively impact H2 margins



- **Polymer Processing Solutions executing in difficult environment**, with stable non-filament sales in H1 and cost-out program to be implemented during H2’23 as previously indicated
- Filament order recovery expected in 2024

Managing short-term headwinds

… and execute on mid-term growth strategy

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Surface Solutions

Demand driven by sustainability and efficiency

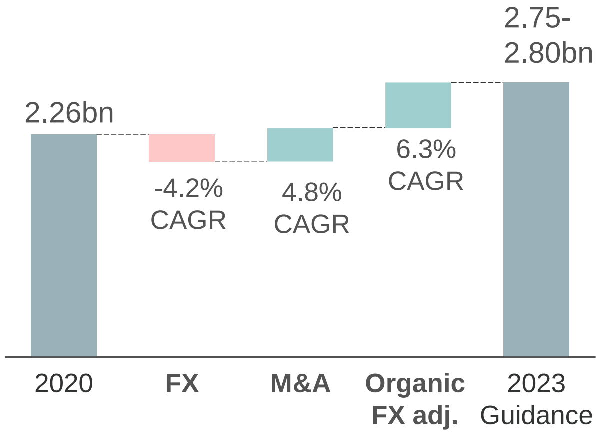
- **Drive geographic expansion** in Americas (H1: +13% FX adj.) and Asia (H1: +3% FX adj.) supported by new organization
- **Leverage core competencies** into new areas (H1: battery shielding, Riri/luxury)
- **Strongly drive cost efficiency** and manage portfolio towards high-margin solutions (H1: exit from inline ePD)

Polymer Processing Solutions

Mid-term demand driven by rising GDP and limited alternative resources

- **Leveraging core competencies** into non-filament (H1: stable)
- **Enhance leadership in filament:** +4% equipment market CAGR 01-22
- **Upside from long-term trends:** Textile recycling, energy saving, …

Drive profitable 4-6% sales growth



Q&A

Appendix

Q2 reconciliation of profitability measures

EBITDA to EBIT bridge

	Group		Surface Solutions		Polymer Processing Solutions	
	Q2' 23	Q2' 22	Q2' 23	Q2' 22	Q2' 23	Q2' 22
EBITDA	**110**	**125**	**62**	**61**	**44**	**65**
Depreciation	-35	-34	-27	-26	-6	-7
Impairments	-0	-1	-0	-1	-0	0
EBITA	**75**	**90**	**35**	**35**	**37**	**58**
Amortization of Acquired Intangibles	-12	-14	-9	-9	-4	-5
Other Amortization	-9	-9	-3	-4	-2	-2
Impairments	-0	0	-0	0	0	0
EBIT	**54**	**68**	**23**	**22**	**31**	**50**

Operational profitability reconciliation

	Group		Surface Solutions		Polymer Processing Solutions	
	Q2' 23	Q2' 22	Q2' 23	Q2' 22	Q2' 23	Q2' 22
Operational EBITDA	**111**	**128**	**63**	**63**	**44**	**65**
Restructuring expenses	-0	-0	-0	0	0	-0
Discontinued activities	-1	-2	-1	-2	0	0
Acquisition and Integration costs	-0	-2	-1	-0	-0	-0
EBITDA	**110**	**125**	**62**	**61**	**44**	**65**

	Group		Surface Solutions		Polymer Processing Solutions	
	Q2' 23	Q2' 22	Q2' 23	Q2' 22	Q2' 23	Q2' 22
Operational EBIT	**55**	**73**	**24**	**25**	**31**	**51**
Restructuring expenses	-0	-0	-0	0	0	-0
Impairments related to restructuring	0	-0	0	-0	0	0
Discontinued activities	-1	-2	-1	-3	0	0
Acquisition and Integration costs	-0	-2	-1	-0	-0	-0
EBIT	**54**	**68**	**23**	**22**	**31**	**50**

YTD reconciliation of profitability measures

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EBITDA to EBIT bridge

	Group		Surface Solutions		Polymer Processing Solutions	
	HY 23	HY 22	HY 23	HY 22	HY 23	HY 22
EBITDA	**224**	**237**	**120**	**118**	**99**	**123**
Depreciation	-66	-67	-51	-52	-13	-14
Impairments	-0	-1	0	-1	-0	0
EBITA	**158**	**170**	**69**	**65**	**86**	**109**
Amortization of Acquired Intangibles	-24	-28	-16	-18	-8	-10
Other Amortization	-19	-17	-8	-8	-5	-4
Impairments	-1	0	-1	0	0	0
EBIT	**113**	**125**	**43**	**40**	**73**	**94**

Operational profitability reconciliation

	Group		Surface Solutions		Polymer Processing Solutions	
	HY 23	HY 22	HY 23	HY 22	HY 23	HY 22
Operational EBITDA	**227**	**249**	**122**	**124**	**99**	**124**
Restructuring expenses	-0	-1	-0	-0	0	-0
Discontinued activities	-1	-6	-1	-6	0	0
Acquisition and Integration costs	-1	-5	-1	-0	-0	-0
EBITDA	**224**	**237**	**120**	**118**	**99**	**123**

	Group		Surface Solutions		Polymer Processing Solutions	
	HY 23	HY 22	HY 23	HY 22	HY 23	HY 22
Operational EBIT	**118**	**139**	**47**	**48**	**73**	**95**
Restructuring expenses	-0	-1	-0	-0	0	-0
Impairments related to restructuring	0	-0	0	-0	0	0
Discontinued activities	-3	-7	-3	-7	0	0
Acquisition and Integration costs	-1	-5	-1	-0	-0	-0
EBIT	**113**	**125**	**43**	**40**	**73**	**94**

Return on Capital Employed (ROCE)

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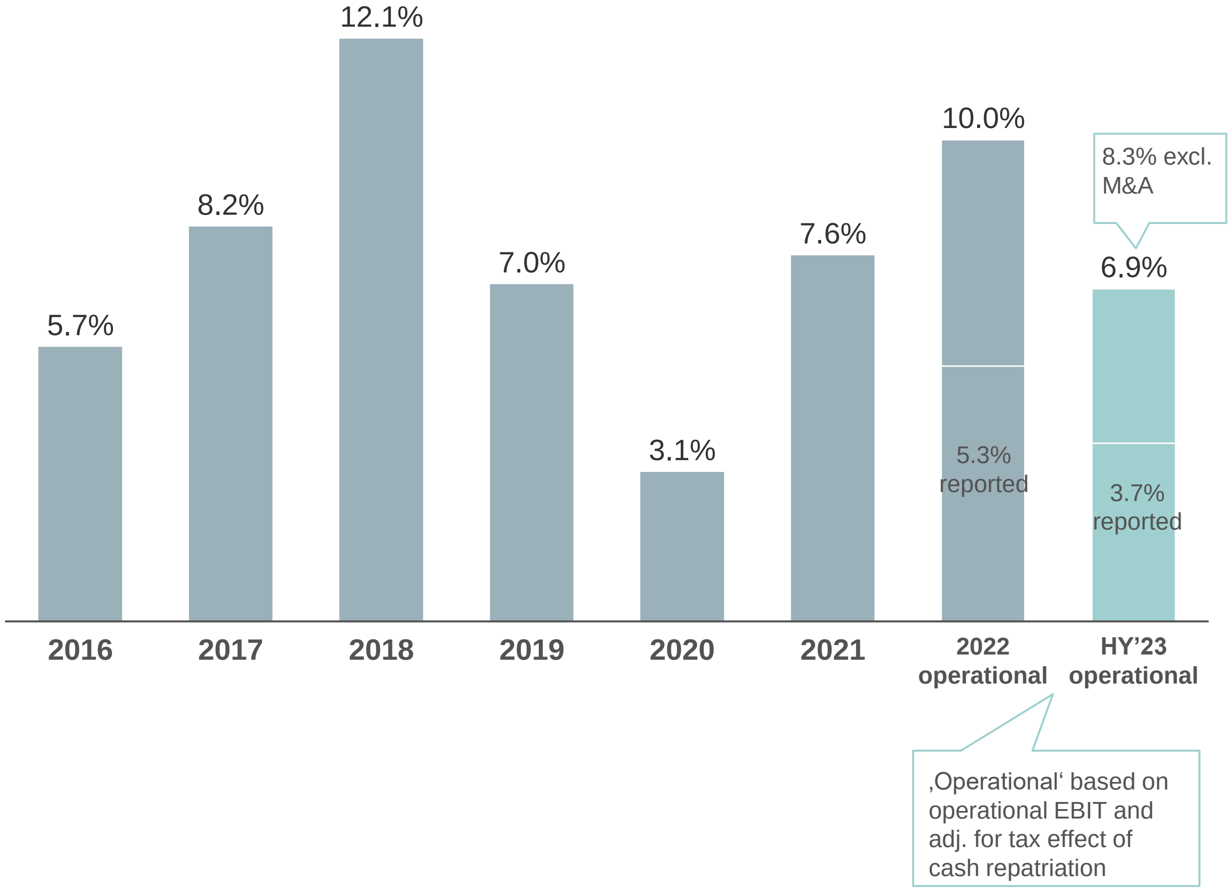
	2022	H1'23
EBIT	176	164
- Total current income tax	-89	-95
- Total deferred income tax	20	30
NOPAT	**107**	**99**
Net Operating Assets	2'063	2'801
+ Current income tax receivables	19	26
+ Deferred tax assets	117	129
- Current income tax payables	-43	-42
- Deferred tax liabilities	-130	-200
Capital Employed	**2'024**	**2'715**



Refers to LTM EBIT; Net operating assets is based on operating assets minus operating liabilities; Operating assets include total assets without cash and cash equivalents, current financial investments, current income tax receivables and deferred tax assets; Operating liabilities include total liabilities without financial and lease liabilities, current income taxes payable, non-current post-employment benefit liabilities and deferred tax liabilities

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