

Achieved sales growth in both segments in a challenging market environment

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Q1 2019 Business Update

May 7, 2019



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2 Q1 2019 Financial Review

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Achieving sales growth in both segments – outlook confirmed

1 Maintaining strong top line

- Group sales up 3.3 % despite challenging market environment
- Group order intake marks second highest level in four years – decline of 10.2 % y-o-y, mainly due to exceptionally high level of order intake from Manmade Fibers in Q1 2018

2 Delivering 15.0 % EBITDA margin

- Group's EBITDA margin at 15.0 %, after full absorption of costs related to the AM business and other growth initiatives
- Surface Solutions impacted by investments for future growth, as projected, and product mix; Manmade Fibers improved margin to 13.2 %

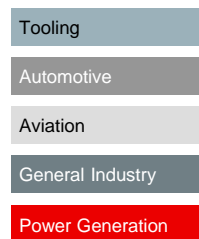
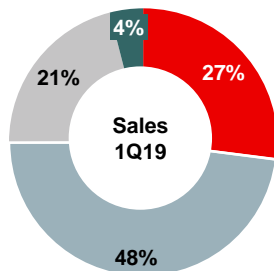
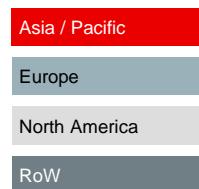
3 Continuing execution on strategy

- Successful execution of string-of-pearls acquisition to strengthen Surface Solutions' position in thermal spray services
- Broadening of technology portfolio with launch of BALIMED coating for medical applications

4 Confirming growth and profitability guidance for 2019

- Group order intake and sales expected to each exceed CHF 2.7 billion
- Group EBITDA margin to exceed 16 % after sizeable investments and capital expenditure for future profitable growth

Surface Solutions Segment – Delivering good top-line growth despite challenging market environment



OPERATIONAL PERFORMANCE

- Good growth in orders and sales mainly driven by Aviation and also Tooling
- Acquisitions and material surcharges deducted ~CHF 0.6 m from top line compared to 1Q18 → 3.2 % organic sales growth
- Strong increase in materials business; SUMEBore expansion continues
- Automotive: significant decrease in production volumes, structural growth element with some mitigating effect
- 1Q19 EBITDA profitability impacted by product mix and operating expenses related to the previously announced investments into AM, ePD¹ competence center and new centers for forming tools

MARKET DEVELOPMENT

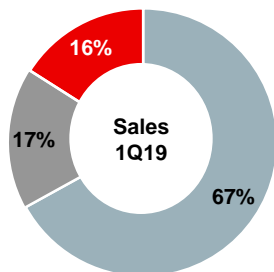
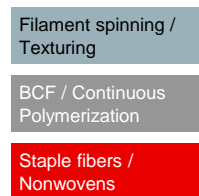
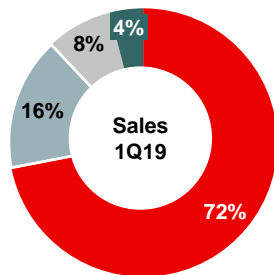
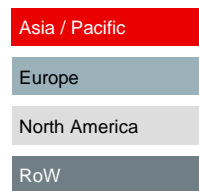
- Tooling industry shows strong activity in challenging end markets
- Automotive market driven by substantially decreasing production volume, particularly in China and the rest of Asia
- Softer demand in General Industry globally (IP²)
- Aerospace market with continued growth
- Power Generation with ongoing challenging market environment
- North America with strong growth, good development in Europe; Asia at low levels

in CHF million	1Q19	1Q18	y-o-y	y-o-y ex FX
Order intake	385	384	0.3%	0.4%
Sales (3 rd parties)	371	361	2.8%	2.9%
EBITDA	61	69	-11.6%	–
In % of sales	16.3%	19.1%	–	–
EBIT	19	36	-47.2%	–
In % of sales	5.2%	10.0%	–	–

¹ ePD = embedded PVD (Physical Vapor Deposition) for design parts

² IP = Industrial Production

Manmade Fibers Segment – Strong order intake and sales level at improved profitability



OPERATIONAL PERFORMANCE

- Strong order intake sustained across all product lines, especially for DTY machines; y-o-y order intake was lower due to the exceptionally high levels in 1Q18
- 1Q19 order intake second highest since 4Q11
- Sales growth in filament equipment and polymerization business and substantial sales for nonwoven systems
- Sales growth was mainly led by business wins in China and the rest of Asia
- Improved EBITDA margin due to increased level of sales and disciplined cost management
- Oerlikon Nonwovens brand launched to strengthen market position

MARKET DEVELOPMENT

- Maintaining healthy demand in filament equipment market in China – automation and digitalization concepts with accelerated interest from Tier 1
- Texturing equipment with stable orders on high levels, in particular in China
- Expected calm down of BCF¹ in the US and Turkey
- Project opportunities in staple fibers and nonwovens in Europe and Asia
- Promising project pipeline for CP² solutions
- Strong project pipeline resulting in continued high level of order intake with delivery lead times reaching into 2021; opportunities for deliveries into 2022

in CHF million	1Q19	1Q18	y-o-y	y-o-y ex FX
Order intake	296	373	-20.6%	-19.0%
Sales (3 rd parties)	254	243	4.5%	6.5%
EBITDA	34	27	25.9%	–
In % of sales	13.2%	11.1%	–	–
EBIT	27	22	22.7%	–
In % of sales	10.7%	8.9%	–	–

¹ Bulk continuous filament (carpet yarn); ² Continuous Polymerization

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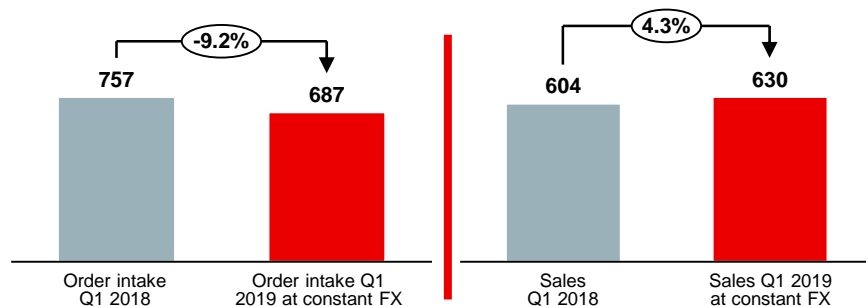
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Group performance builds on strong top-line growth in both Segments and investments in the future¹

in CHF million	1Q19	1Q18	y-o-y
Order intake	680	757	-10.2%
Sales (3 rd parties)	624	604	3.3%
EBITDA	93	95	-2.1%
In % of sales	15.0%	15.7%	-
EBIT	44	56	-21.4%
In % of sales	7.1%	9.2%	-

- Surface Solutions Segment with steady increase in order intake and sales; operating profitability lower as a result of product mix and anticipated operating expenses from investments
- Maintained a high level of orders, sales and improved operating profitability in Manmade Fibers Segment
- Group with book-to-bill >1
- Currencies provided minor headwinds on orders and sales year-on-year

Top-line development at constant FX (y-o-y)



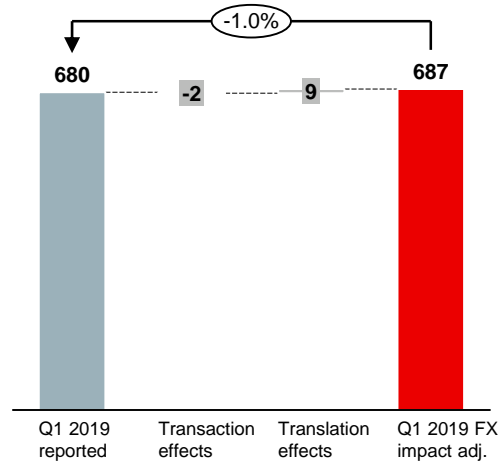
¹ 2018 restated for divestment of Drive Systems

Sales growth	1Q19 vs. 1Q18 (y-o-y)	1Q19 vs. 4Q18 (q-o-q)
Reported	3.3%	-4.4%
Performance	4.6%	-3.6%
FX translation	-1.3%	-0.8%

FX impact on Orders, Sales and EBITDA in Q1 2019¹

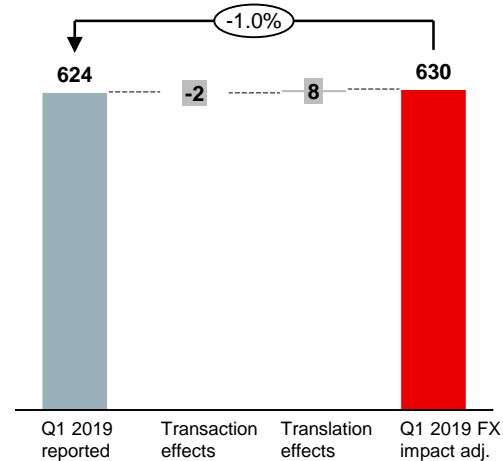
Order intake Q1 2019

In CHF million



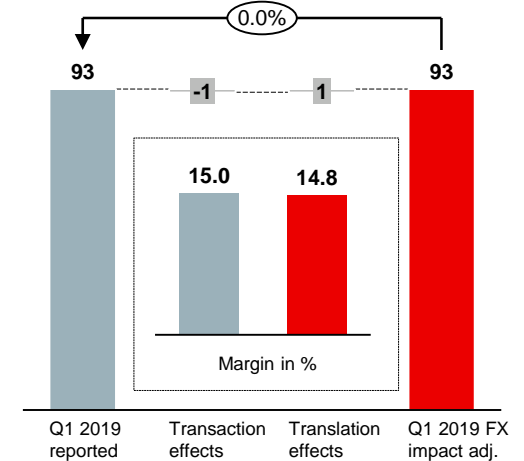
Sales Q1 2019

In CHF million



EBITDA Q1 2019

In CHF million

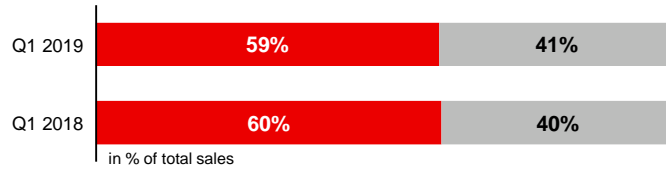


¹ 2018 restated for divestment of Drive Systems

- Top-line impact mainly related to currency translation as a result of reporting currency CHF
- Dominating drivers were depreciation of EUR against CHF, partially compensated by a stronger USD against CHF
- Impact on EBITDA margin only minor

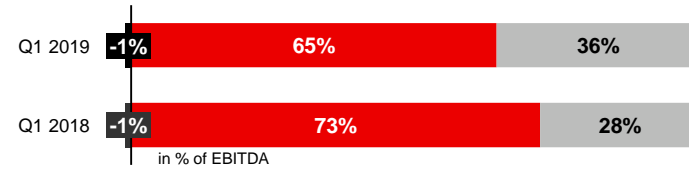
Business split¹ – Segments splits are stabilizing

Segment sales split



■ Surface Solutions ■ Manmade Fibers

Segment EBITDA split



■ Surface Solutions ■ Manmade Fibers
■ Other

Regional sales split



■ APAC ■ North America
■ Europe ■ RoW

Service business

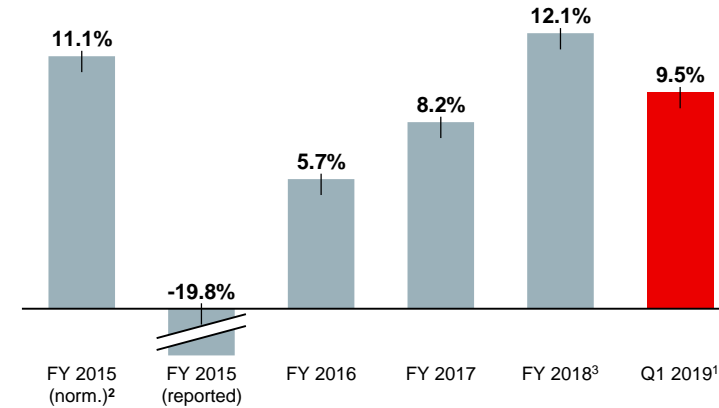


■ Service & Spare Parts
■ Goods, Equipment & Components

¹ 2018 restated for divestment of Drive Systems

Return On Capital Employed (ROCE)

	Q1 2019 ¹	FY 2018 ³
EBIT	232	243
- Total current income tax	-63	-63
- Total deferred tax income	-	-4
NOPAT	169	176
Net Operating Assets	1'832	1'526
+ Current income tax receivables	19	17
+ Deferred tax assets	113	110
- Current income tax payables	-66	-65
- Deferred Tax liabilities	-127	-132
Capital Employed	1'771	1'456



¹ 12-months rolling, continuing operations

² Normalized EBIT excl. one-time restructuring cost of CHF 112 million and impairments of CHF 476 million; Current income taxes adjusted accordingly

³ Continuing operations

- Lower ROCE as a result of slightly lower NOPAT over an increased asset base
- Asset base increase due to addition of M&A assets and the first time recognition of the right-of-use assets under IFRS16 (leasing)

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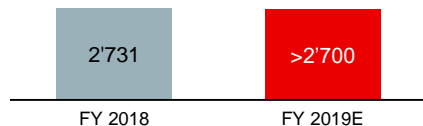
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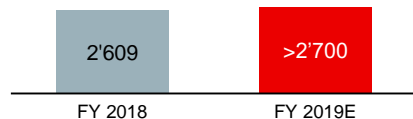
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2019 Group outlook confirmed – Strong top-line growth and defending an attractive profitability level

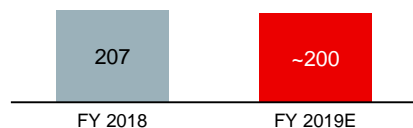
Order intake



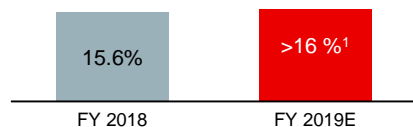
Sales



CapEX



EBITDA margin



Underlying Group / Segment assumptions

Oerlikon Group

- Order Intake and Sales expected to exceed CHF 2.7 bn
- Sizeable CapEx for further growth
- EBITDA margin to exceed 16 %¹ with full absorption of Additive Manufacturing and business investments as well as IFRS 16
- Smaller acquisitions included in guidance

Manmade Fibers Segment

- Order intake up to CHF 1.1 bn due to ongoing strong project pipeline
- Sales expected around prior year's level due to cap of capacity
- EBITDA margin to improve by around 100 bps

Surface Solutions Segment

- Order intake expected to grow around 4 %
- Sales growth maintained at around 4 – 6 % despite challenging market environment
- Dilution of Additive Manufacturing by some 200 bps
- Shifting EBITDA margin corridor to 21 – 23 % excluding AM investments (reported 19 – 21 % corridor) due to changes under IFRS 16
- Guiding for lower end of corridor due to investments in new technologies and applications

¹ Including full absorption of all related investment expenses in Additive Manufacturing and business growth initiatives as well as around 1% due to the changes under IFRS 16

1

Maintaining strong top line and organic growth in the first quarter 2019

2

Continued investments in future growth

3

Confirming guidance for 2019

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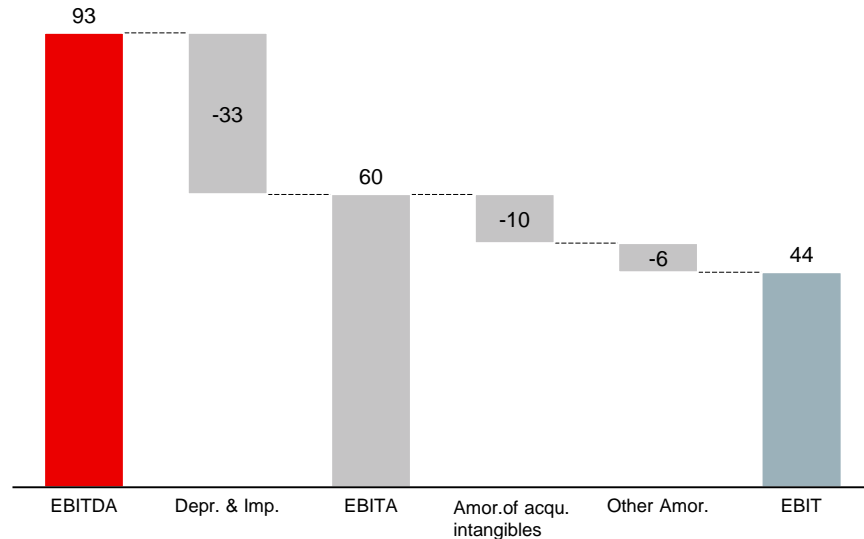
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EBITDA to EBIT bridge for Oerlikon Group

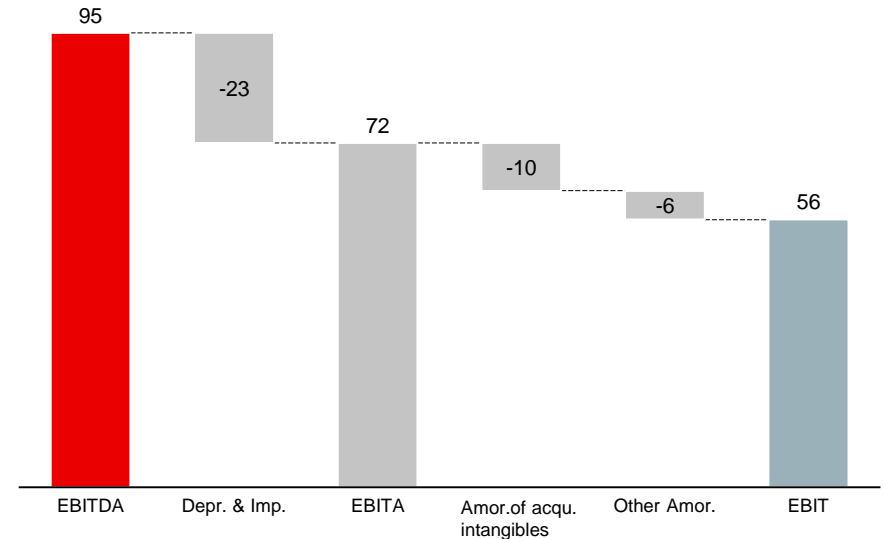
EBITDA to EBIT bridge – Q1 2019

In CHF million



EBITDA to EBIT bridge – Q1 2018¹

In CHF million



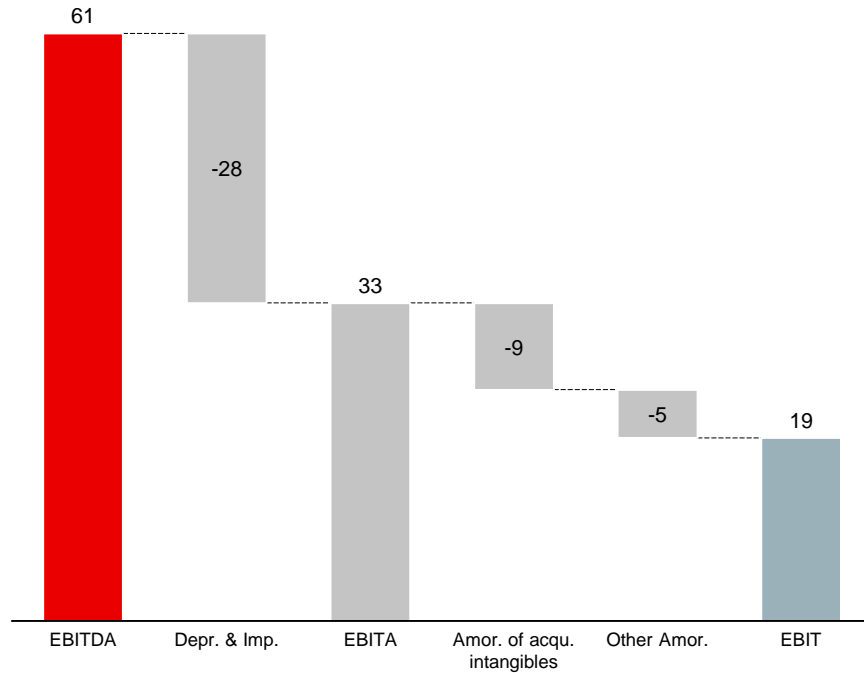
- Amortization of identified acquired intangible assets mainly attributable to Metco transaction

¹ Restated for divestment of Drive Systems

EBITDA to EBIT bridge per Segment – Q1 2019

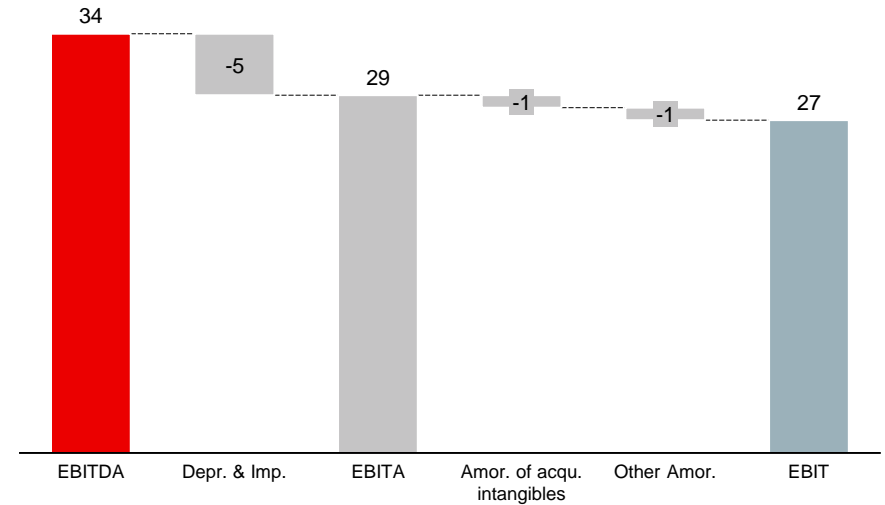
Surface Solutions Segment

In CHF million

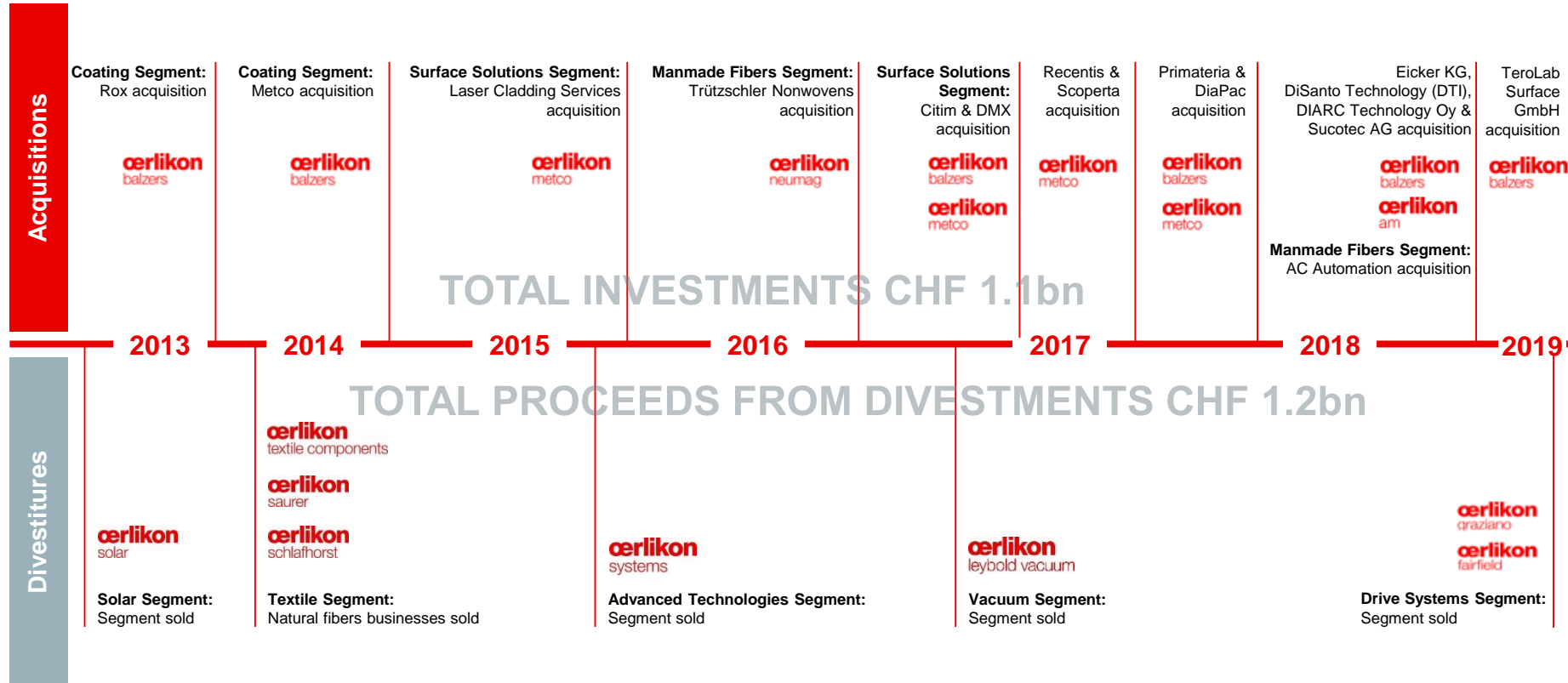


Manmade Fibers Segment

In CHF million



Oerlikon Transformation – Streamlining the portfolio and focus on Surface Solutions

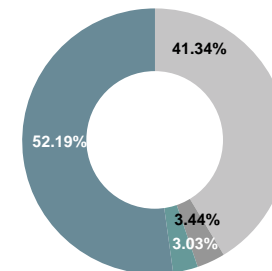
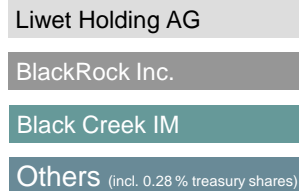


Oerlikon shares

- Listed on Swiss Exchange (SIX) since 1973
- Securities symbol: OERL
- Securities number 81 682
- ISIN: CH0000816824
- Number of shares outstanding: 339 758 576 shares
- Re-entry to Swiss SMIM (April 17, 2012)
- Addition to STOXX Europe 600 (June 18, 2012)
- Re-entry to SPI Select Dividend 20 Index (March 18, 2019)

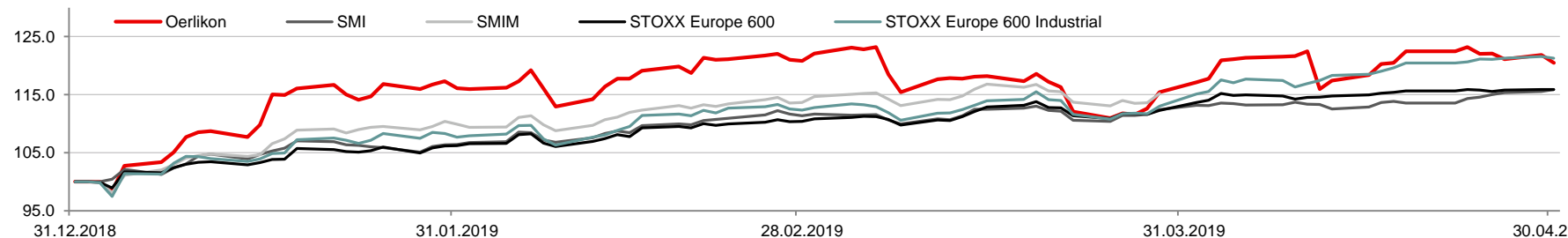
Oerlikon shareholder structure¹

as of April 30, 2019



Oerlikon share price development

as of April 30, 2019, indexed; 100 percent = closing price per December 31, 2018



¹ Based on latest notifications by Liwet (as of May 25, 2018 of 140 484 860 shares), Black Creek (as of January 20, 2018 of 9 966 654 voting rights) and BlackRock (as of October 23, 2018 of 11 691 117 voting rights)

Coverage – 8 Buy / Add – 6 Hold / Neutral – 0 Sell / Underperform

Broker	Analyst	Recommendation	Date of last update	Target price
AlphaValue	Luis Pereira	Buy	30.10.2018	17.50
Baader Helvea	Reto Amstalden	Buy	18.03.2019	17.00
Berenberg Bank	Marta Bruska	Hold	05.03.2019	16.00
Credit Suisse	Patrick Laager	Neutral	15.04.2019	14.00
Deutsche Bank	Alexander Thiel	Buy	05.03.2019	15.00
Jefferies	Graham Phillips	Hold	05.03.2019	14.00
Kepler Cheuvreux	Torsten Sauter	Hold	30.04.2019	15.00
MainFirst	Christian Arnold	Neutral	07.03.2019	14.00
Octavian	Alessandro Foletti	Buy	07.03.2019	16.00
RBC Capital Markets	Wasi Rizvi	Outperform	03.05.2019	14.00
Societe Generale	Sebastian Ubert	Buy	05.03.2019	15.50
UBS	Fabian Haecki	Buy	04.04.2019	14.80
Vontobel	Michael Foeth	Buy	05.03.2019	16.60
ZKB	Armin Rechberger	Marketweight	05.03.2019	-
Consensus				15.34

Financial Calendar 2019



May 7, 2019

Q1 2019 results
- Media & Analyst Conference Call

August 6, 2019

Q2 / HY 2019 results
- Media & Analyst Conference Call

November 5, 2019

Q3 / 9M 2019 results
- Media & Analyst Conference Call



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