

Resilient performance in challenging environment – guidance adjusted

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Q2 / HY 2019 Business Update

August 6, 2019



1 Q2 2019 Business Update

2 Q2 2019 Financial Review

3 Outlook

4 Appendix

Resilient performance in challenging environment – guidance adjusted

1 Maintaining top line growth

- Group sales up 5.3 % y-o-y for the quarter and 4.3 % for the first half of the year despite challenging market environment
- Group order intake -0.7 % for the quarter and -5.7 % y-o-y for the first half year, mainly due to high level of order intake from Manmade Fibers in H1 2018

2 Delivering 17.3 % EBITDA margin

- Group's EBITDA margin at 17.3 %, after full absorption of costs related to the AM business and other growth initiatives
- Manmade Fibers exceptional margin of 17.8 %; Surface Solutions impacted by investments for future growth, as well as product and regional mix

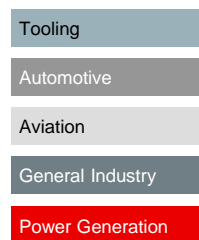
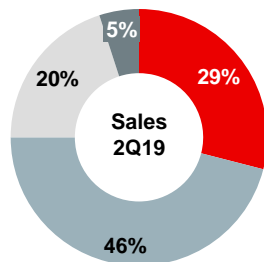
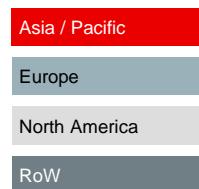
3 Continuing execution on strategy

- Driving expansion of Surface Solutions by opening new customer centers in the US and Sweden
- Intention to create a joint research laboratory and technology platform together with Safran, CNRS and the University of Limoges to develop enhanced surface treatment solutions

4 Full year guidance 2019 adjusted

- Group order intake, sales and EBITDA margin expected to deliver around the same level of performance as for the full-year 2018
- FY 2019 guidance: Group order intake CHF up to 2.7bn, sales exceeding CHF 2.6bn, EBITDA margin around 15.5 %

Surface Solutions Segment – Top-line and profitability impacted by adverse market environment



OPERATIONAL PERFORMANCE

- Decline in orders and sales across all markets, driven by slowdown in Automotive, Tooling and General Industries
- Acquisitions and material surcharges deducted ~CHF 4.5 m from top line compared to 2Q18 → almost flat organic sales growth
- Good increase in thermal spray business from low levels; SUMEbore expansion continues
- Automotive: significant decrease in production volumes, cost adjustments and structural growth to mitigate
- 2Q19 EBITDA profitability negatively impacted by product and regional mix and operating expenses related to the planned investments and increased dilution from AM of ~300 bps

MARKET DEVELOPMENT

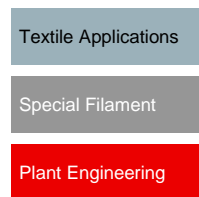
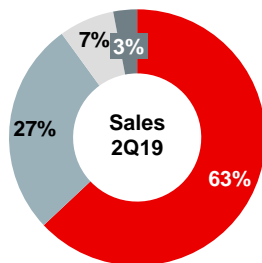
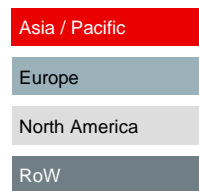
- Tooling industry shows reduced activity in challenging end markets
- Automotive market driven by substantially decreasing production volume, particularly in China and the rest of Asia, no recovery visible for 2H19
- Softer demand in General Industry (IP²) compared to exceptionally strong 1H18
- Aerospace market with continued growth
- Power Generation with ongoing challenging market environment
- Good business environment in North America, flattening activities in Europe and slow down in Asia, mainly China

in CHF million	2Q19	2Q18	y-o-y	y-o-y ex FX	HY19	HY18	y-o-y	y-o-y ex FX
Order intake	374	395	-5.3%	-3.3%	759	779	-2.6%	-1.5%
Sales (3 rd parties)	379	394	-3.8%	-1.8%	750	755	-0.7%	0.4%
EBITDA	64	80	-20.0%	–	125	149	-16.1%	–
In % of sales	16.8%	20.2%	–	–	16.6%	19.7%	–	–
EBIT	21	45	-53.3%	–	41	81	-49.4%	–
In % of sales	5.6%	11.4%	–	–	5.4%	10.7%	–	–

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

² IP = Industrial Production

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



¹ Drawn Texturized Yarn

² Continuous Polycondensation

³ Bulked Continuous Filament (Carpet Yarn)

⁴ Industrial Yarn

OPERATIONAL PERFORMANCE

- Strong order intake sustained in Textile Applications, especially for DTY¹ machines; y-o-y order intake 1H19 was lower due to the exceptionally high levels in 1Q18
- 2Q19 marks record sales level for the segment
- Sales growth in Textile Applications, i.e. filament and texturing equipment as well as Plant Engineering with growth in CP² and Nonwoven
- Sales growth was mainly led by business wins in Asia
- Exceptional EBITDA margin due to strong performance, favorable product mix and one-time customers effects
- High customer interest at ITMA Barcelona for presented product innovations and automation / digital solutions

MARKET DEVELOPMENT

- Maintaining strong top-line levels in Textile Applications with healthy demand in filament equipment market in China (driven by increased service business); Texturing equipment with robust demand, supported by recent product launch and increased service business
- Expected calm down in Special Filament, mainly in BCF³ in the US and Turkey; stable market in IDY⁴
- Project opportunities in Plant Engineering with high interest in nonwoven portfolio and promising project pipeline for CP² solutions and staple fibers
- Strong project pipeline resulting in continued high level of order intake with delivery lead times reaching into 2021 / 2022; opportunities for deliveries into 2023

in CHF million	2Q19	2Q18	y-o-y	y-o-y ex FX	HY19	HY18	y-o-y	y-o-y ex FX
Order intake	298	282	5.7%	9.6%	593	655	-9.5%	-6.8%
Sales (3 rd parties)	321	271	18.5%	23.0%	574	514	11.7%	15.0%
EBITDA	57	32	78.1%	–	91	59	54.2%	–
In % of sales	17.8%	11.8%	–	–	15.8%	11.5%	–	–
EBIT	51	26	96.2%	–	78	48	62.5%	–
In % of sales	15.7%	9.5%	–	–	13.5%	9.2%	–	–

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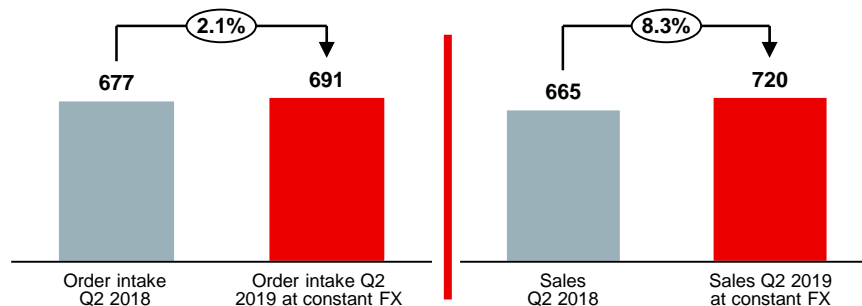
4 Appendix

Group performance driven by Manmade Fibers, compensating for softer Surface Solutions markets

in CHF million	2Q19	2Q18	y-o-y	HY19	HY18	y-o-y
Order intake	672	677	-0.7%	1'352	1'434	-5.7%
Sales (3 rd parties)	700	665	5.3%	1'324	1'269	4.3%
EBITDA	121	113	7.1%	214	208	2.9%
In % of sales	17.3%	17.1%	-	16.2%	16.4%	-
EBIT	70	72	-2.8%	115	128	-10.2%
In % of sales	10.1%	10.8%	-	8.7%	10.1%	-

- Surface Solutions Segment with decline in order intake and sales; operating profitability lower as a result of product and regional mix as well as anticipated investments – strong position to take advantage of opportunities when markets recover
- Achieved record sales level and a high level of orders with exceptional operating profitability in Manmade Fibers Segment
- Group with book-to-bill >1 for 1H19 and <1 for 2Q19
- Currencies provided headwinds on orders and sales year-on-year

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

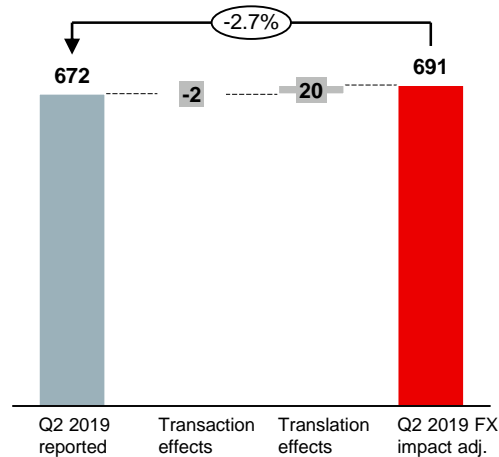


Sales growth	2Q19 vs. 2Q18 (y-o-y)	2Q19 vs. 1Q19 (q-o-q)
Reported	5.3%	12.2%
Performance	8.5%	12.4%
FX translation	-3.2%	-0.2%

FX impact on Orders, Sales and EBITDA in Q2 2019

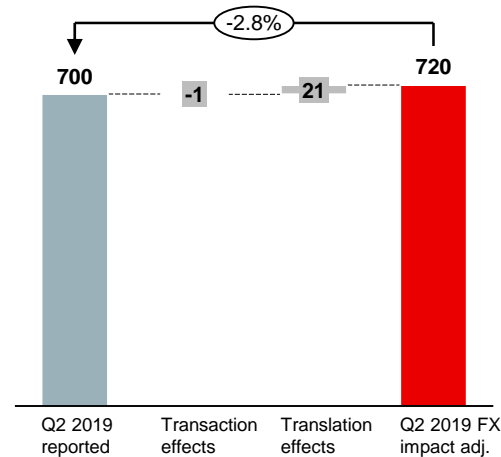
Order intake Q2 2019

In CHF million



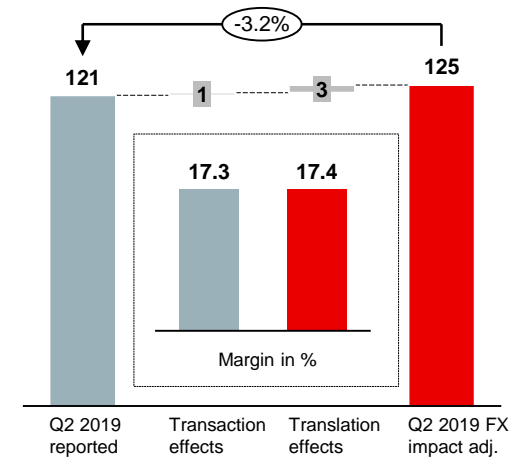
Sales Q2 2019

In CHF million



EBITDA Q2 2019

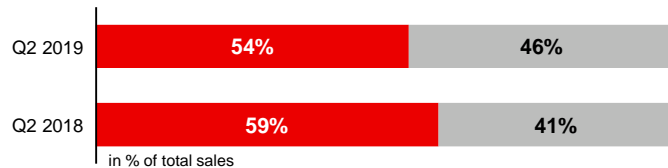
In CHF million



- 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

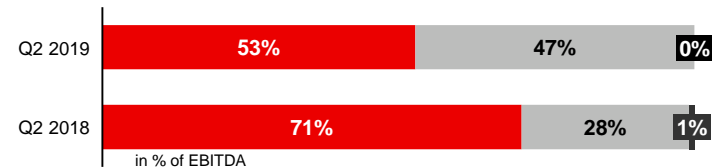
Business split – Segment splits reflecting strong performance of Manmade Fibers

Segment sales split



■ Surface Solutions ■ Manmade Fibers

Segment EBITDA split



■ Surface Solutions ■ Manmade Fibers ■ Other

Regional sales split



■ APAC ■ Europe ■ North America ■ RoW

Service business



■ Service & Spare Parts ■ Goods, Equipment & Components

Result from continuing operations impacted by lower EBIT and financial result

in CHF million

	H1 2019	H1 2018	Δ
Order intake	1'352	1'434	-5.7 %
Sales	1'324	1'269	4.3 %
EBITDA in % of sales	214 16.2 %	208 16.4 %	2.9 %
Result before interest and taxes (EBIT) in % of sales	115 8.7 %	128 10.1 %	-10.2 %
Financial result	-7	-1	>100 %
Result before taxes (EBT) in % of sales	107 8.1 %	127 10.0 %	-15.7 %
Income taxes in % of EBT	-28 26.2 %	-36 28.3 %	-22.2 %
Result from continuing operations in % of sales	80 6.0 %	91 7.2 %	-12.1 %
Result from discontinued operations	-179	20	n/a
Net income	-99¹	111	n/a

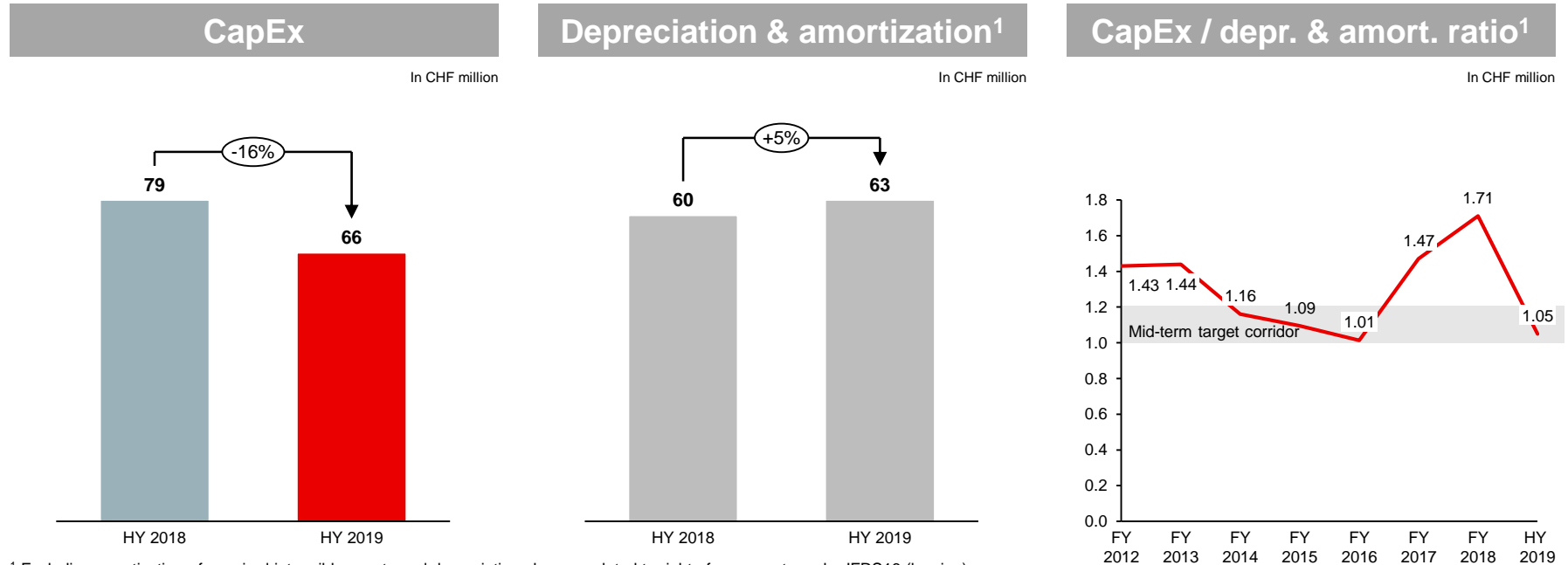
¹ including the CHF 284 million non-cash cumulative translation adjustments other items from the Other Comprehensive Income from the divestment of drive systems business

Strong unleveraged balance sheet with an equity ratio of 48 %

in CHF million

	H1 2019	FY 2018
Cash and cash equivalents	717	764
Trade and trade notes receivables	354	305
Inventories	376	343
Property, plant and equipment	610	667
Right-of-use assets	223	-
Goodwill and intangible assets	1'116	1'139
Assets held for sale	-	866
Total other assets	383	461
Total assets	3'779	4'545
Trade payables	234	277
Current contract liabilities	374	450
Current and non-current lease liabilities	219	39
Non-current loans and borrowings	154	155
Non-current post-employment benefit provisions	355	329
Liabilities held for sale	-	363
Total other liabilities	631	911
Total liabilities	1'967	2'524
Total equity	1'812	2'021
Total equity ratio	48 %	44 %
Net cash	380	398

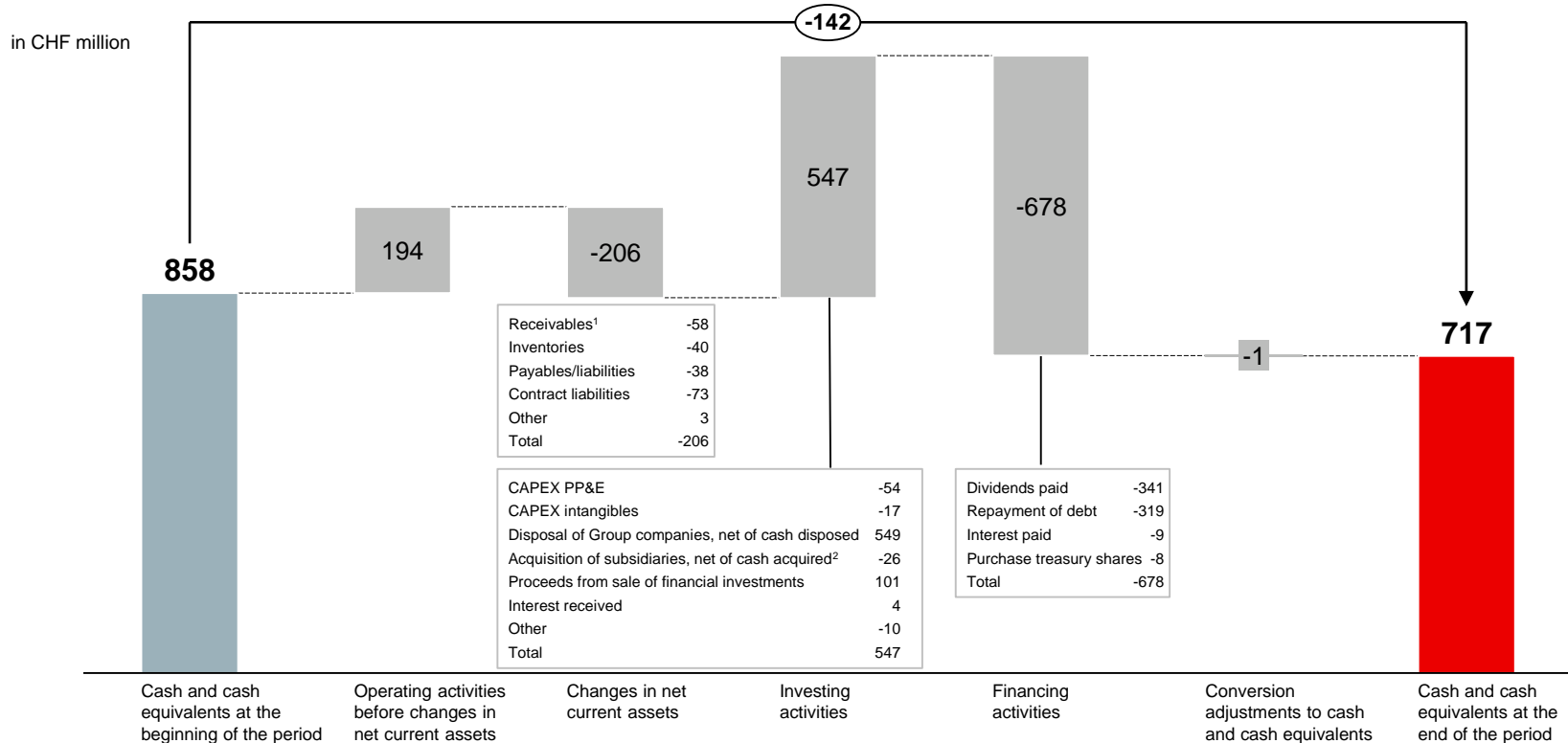
Group CapEx to depreciation ratio back in mid-term target corridor¹



¹ Excluding amortization of acquired intangible assets and depreciation charges related to right-of-use assets under IFRS16 (leasing)

- Surface Solutions Segment ratio of 1.00 – reduced investments in Additive Manufacturing compared to HY 2018 (CHF 7 m CapEx in HY 2019 vs. CHF 21m in HY 2018), adjusting CapEx to market conditions while remaining committed to investments for future growth
- Manmade Fibers Segment ratio of 1.02 – slightly increased investments for future growth as planned

Consolidated cash flow statement H1 2019

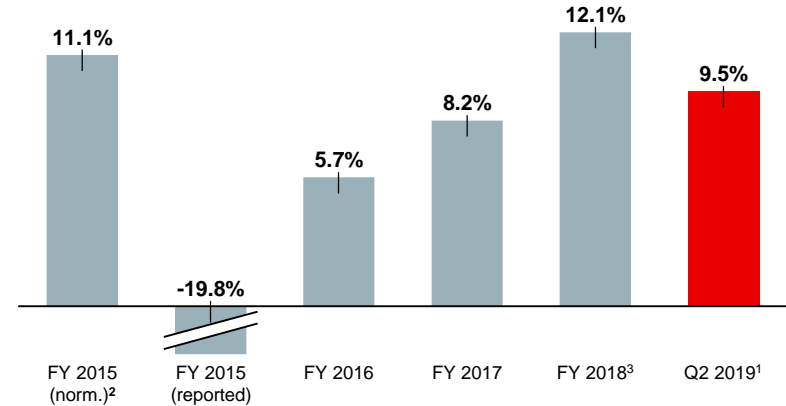


¹ Includes also contract assets, prepaid expenses and accrued income

² Includes settlement of contingent considerations relating to acquisitions made in previous periods and the acquisition of an immaterial subsidiary in the reporting period
Differences due to rounding

Return On Capital Employed (ROCE)

	Q2 2019 ¹	FY 2018 ³
EBIT	230	243
- Total current income tax	-67	-63
- Total deferred tax income	8	-4
NOPAT	171	176
Net Operating Assets	1'849	1'526
+ Current income tax receivables	17	17
+ Deferred tax assets	131	110
- Current income tax payables	-71	-65
- Deferred Tax liabilities	-135	-132
Capital Employed	1'791	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 recognition of the right-of-use assets under IFRS16 (leasing)

Agenda

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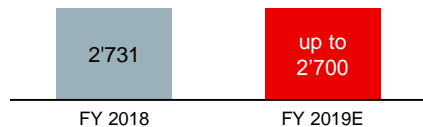
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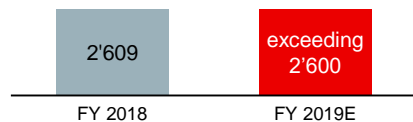
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2019 Group outlook adjusted – maintaining prior year’s levels despite challenging markets

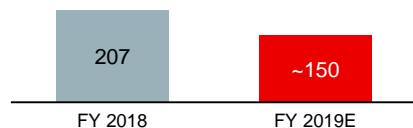
Order intake



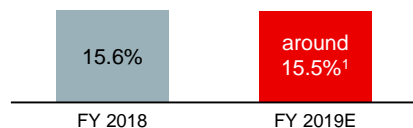
Sales



CapEX



EBITDA margin



Underlying Group / Segment assumptions

Oerlikon Group

- Order Intake and sales expected to deliver around the same level of performance as for the full-year 2018
- Adjusting CapEx to market conditions while remaining committed to investments for future growth
- EBITDA margin around prior year’s level with full absorption of Additive Manufacturing and business investments
- 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 and sales expected to be maintained at around 2018 levels despite challenging market environment
- EBITDA margin corridor of 21 – 23 % excluding AM investments remains the mid-term target
- Dilution of Additive Manufacturing by around 300 bps → reported corridor 18 – 20 %
- Guiding for EBITDA margin of 17 – 18 % for FY 2019 due to weak market environment, investment in AM and in new technologies and applications for future growth

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

Resilient performance with top line growth despite challenging markets

2

Delivering 17.3 % EBITDA margin while continuing investments in future growth

3

Adjusting guidance for full year 2019

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Oerlikon Group – Key financial figures

Solid performance in the first half of 2019



in CHF million

Key financial figures	H1 2019	H1 2018	Δ
Order intake	1'352	1'434	-5.7 %
Sales	1'324	1'269	4.3 %
EBITDA margin	16.2 %	16.4 %	-0.2 pp
Cash flow from operations	-11	194	n/a
Net working capital	122	-79 ¹	n/a
R&D expenditures	60	55	9.1 %
Total equity	1'812	2'021 ¹	-10.3 %
Net cash	380	398 ¹	-4.5 %
ROCE	9.5 %	12.1 % ¹	-2.6 pp
EPS (reported)	-0.32	0.32	n/a

¹ Key figures as of December 31, 2018

Oerlikon Segments – Key financial figures



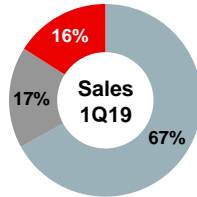
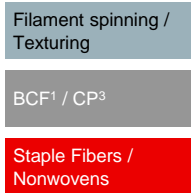
in CHF million

Key financial figures	H1 2019	H1 2018	Δ
Surface Solutions			
Order intake	759	779	-2.6 %
Sales	750	755	-0.7 %
EBITDA margin	16.6 %	19.7 %	-3.1 pp
Net operating assets	1'782	1'584 ¹	12.5 %
Manmade Fibers			
Order intake	593	655	-9.5 %
Sales	574	514	11.7 %
EBITDA margin	15.8 %	11.5 %	4.3 pp
Net operating assets	62	-59 ¹	n/a

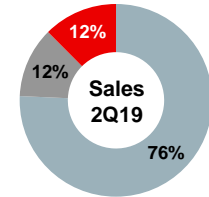
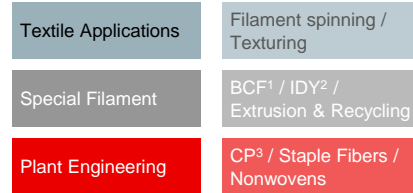
¹ Key figures as of December 31, 2018

New end market split – Oerlikon Manmade Fibers

Old business split



New business split



Order Intake	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019
Textile Applications	257	198	137	187	779	217	232
Special Filament	75	60	64	20	219	31	41
Plant Engineering	41	24	59	34	158	48	25
Total	373	282	260	241	1'157	296	298

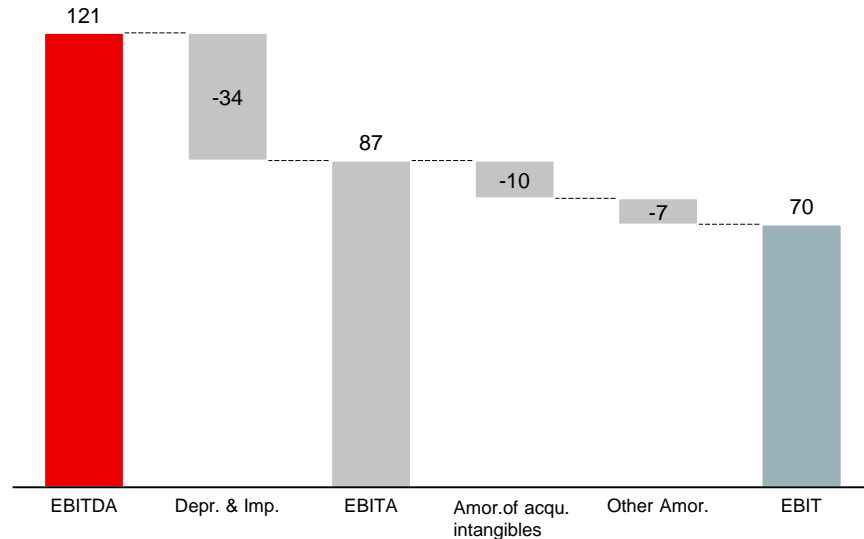
Sales	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019
Textile Applications	180	192	207	169	748	156	243
Special Filament	33	47	58	55	193	43	38
Plant Engineering	30	33	49	47	159	55	40
Total	243	271	314	270	1'098	254	321

¹ Bulked continuous filament (carpet yarn); ² Industrial Yarn; ³ Continuous Polymerization
Differences due to rounding

EBITDA to EBIT bridge for Oerlikon Group

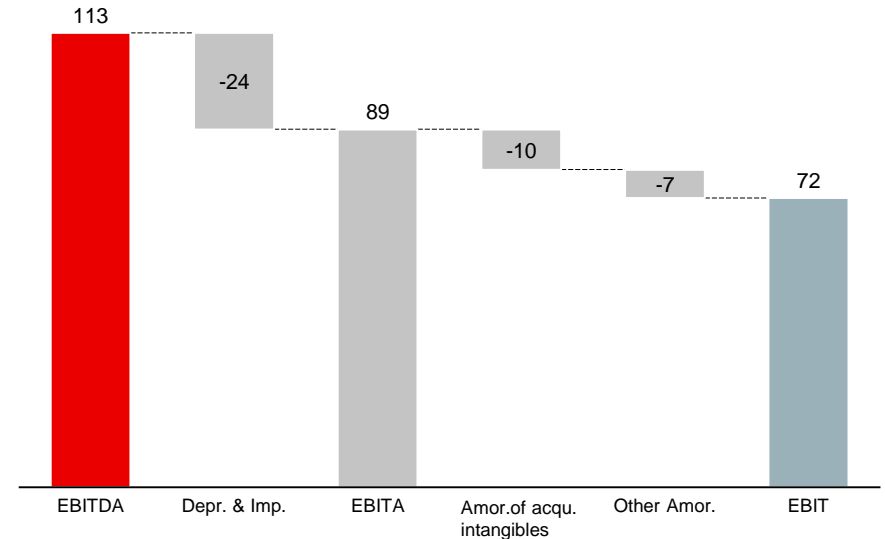
EBITDA to EBIT bridge – Q2 2019

In CHF million



EBITDA to EBIT bridge – Q2 2018

In CHF million

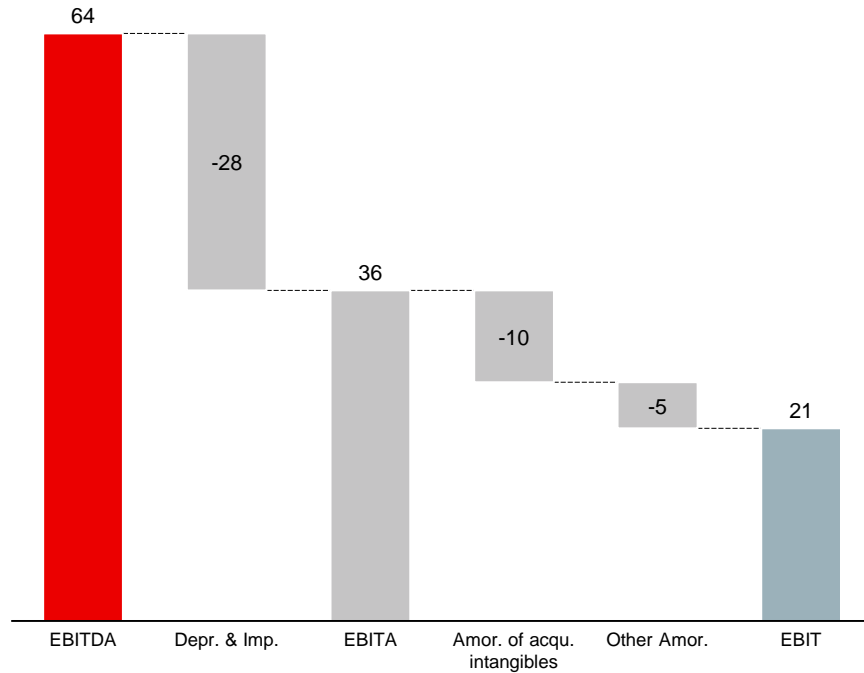


- Amortization of identified acquired intangible assets mainly attributable to Metco transaction

EBITDA to EBIT bridge per Segment – Q2 2019

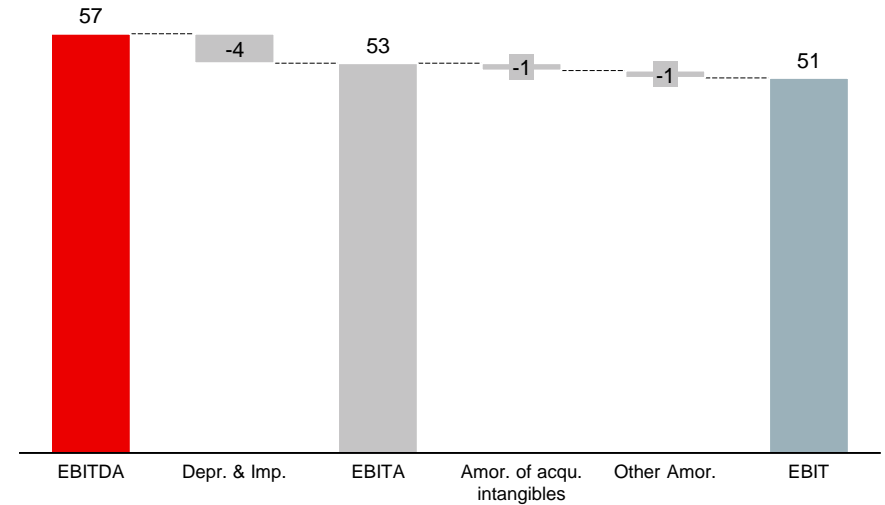
Surface Solutions Segment

In CHF million



Manmade Fibers Segment

In CHF million



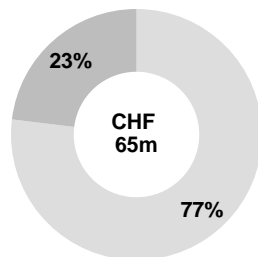
R&D and CapEx on Segment level

R&D expenses H1 2019

Surface Solutions (7%)

Manmade Fibers (3%)

(% of Segment sales)



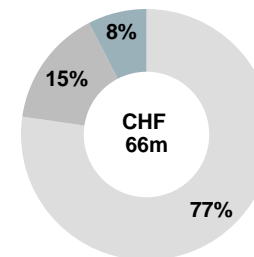
CapEx H1 2019

Surface Solutions (7%)

Manmade Fibers (2%)

Corporate

(% of Segment sales)

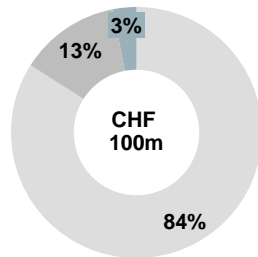


Depreciation & Amortization H1 2019

Surface Solutions

Manmade Fibers

Corporate



CapEx / Depr. & Amort. H1 2019¹

Surface Solutions

Manmade Fibers

■ Segments
— Group average



¹ Excluding amortization of acquired intangible assets and depreciation charges related to right-of-use assets under IFRS16 (leasing)

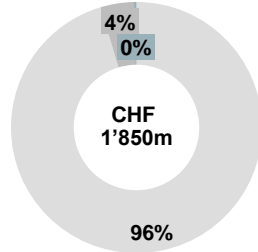
Asset allocation and employees on Segment level

Net operating assets H1 2019

Surface Solutions

Manmade Fibers

Corporate

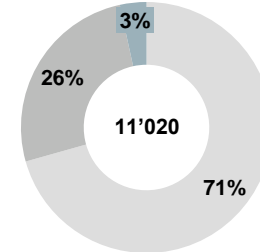


Employees (FTE) by Segment H1 2019

Surface Solutions

Manmade Fibers

Corporate

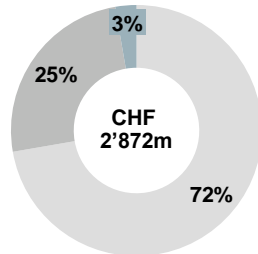


Operating Assets H1 2019

Surface Solutions

Manmade Fibers

Corporate



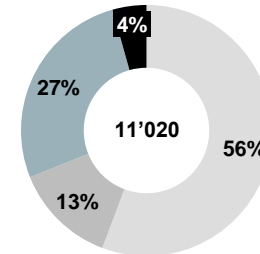
Employees (FTE) by Region H1 2019

Europe

North America

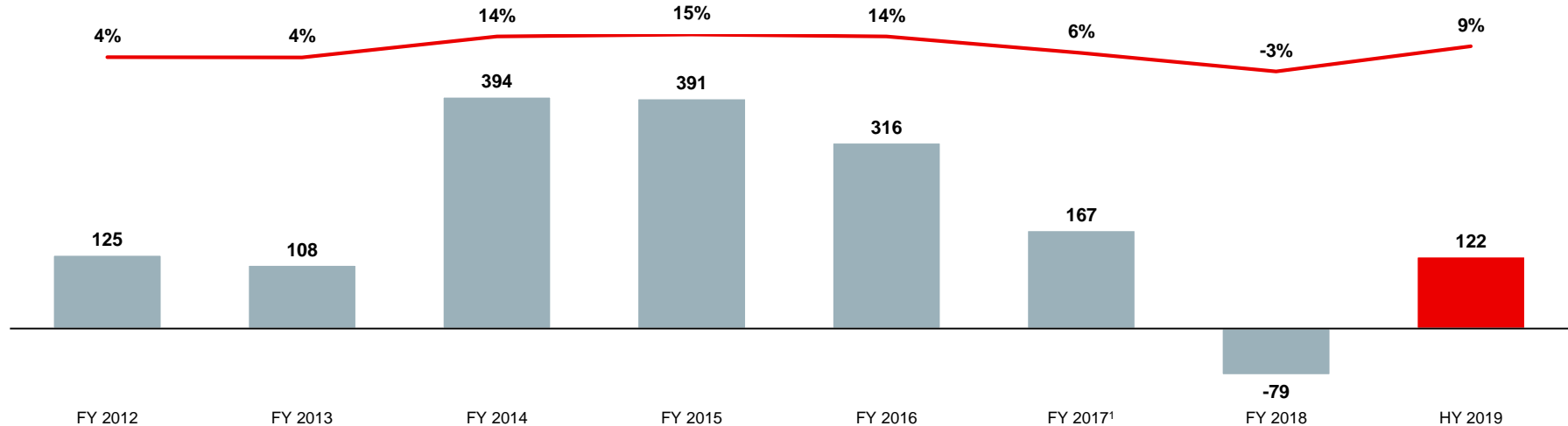
Asia / Pacific

RoW



Net working capital increased due to lower contract liabilities

In CHF million; as % of sales



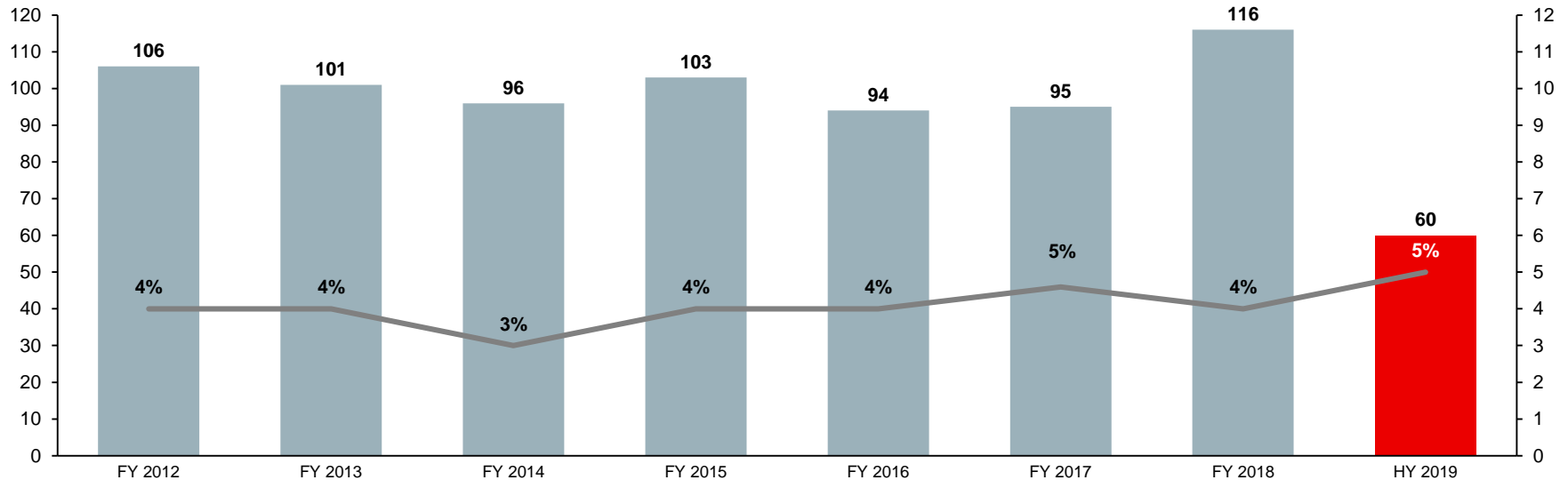
¹ Net working capital is defined as trade receivables + inventories – trade payables – current contract liabilities

- Net working capital increased to 9 % of sales, mainly due to lower current contract liabilities (down by CHF 76 million to CHF 374 million) and higher inventory (up by CHF 33 million to CHF 376 million)

¹ Restated for IFRS 15

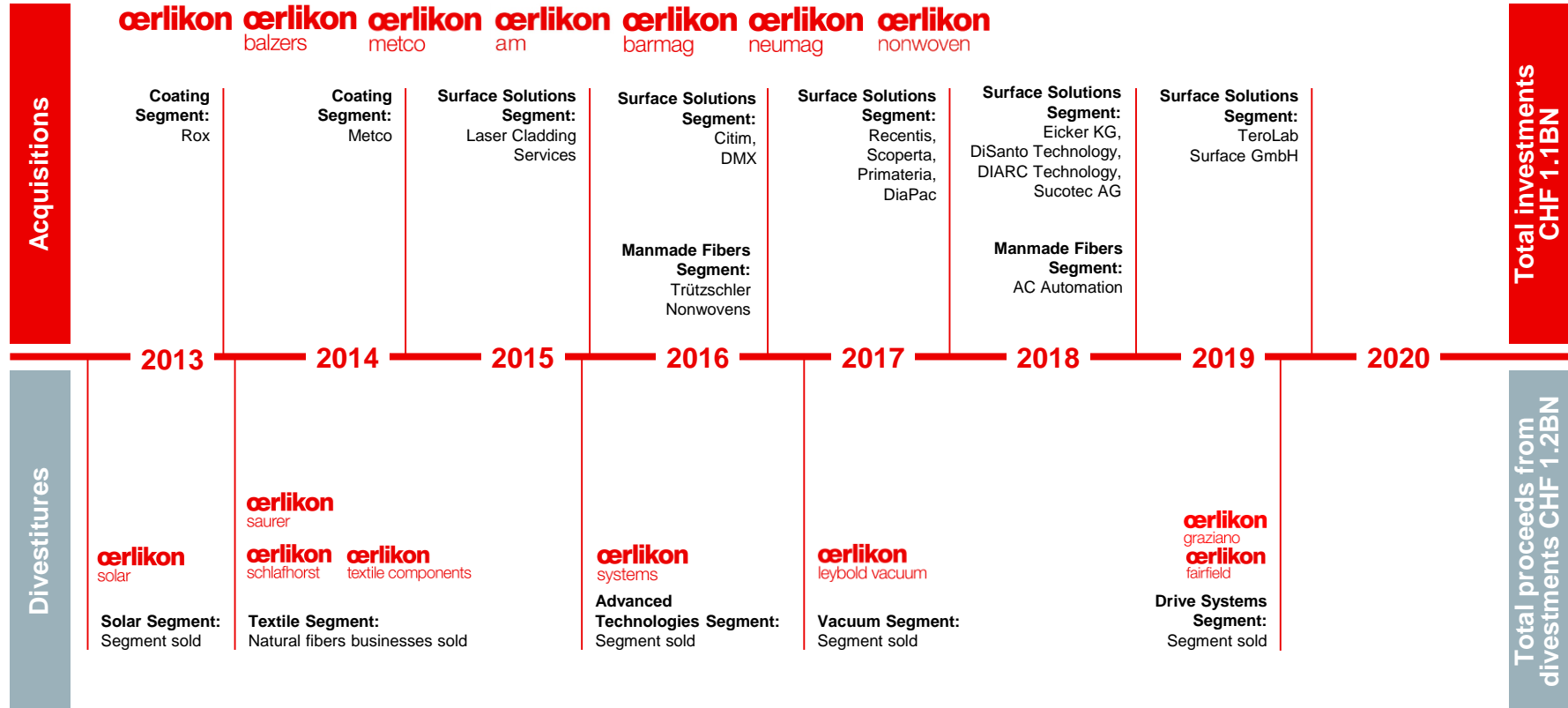
Constant range of investments in R&D at high level of CHF 60 million in H1 2019

In CHF million; as % of sales



- R&D essential to secure technological leadership
- Constant range of around 4 % of sales
- Focus on Surface Solutions Segment representing 75 % of Group R&D expenditure

Oerlikon Transformation – Streamlining the portfolio and focus on Surface Solutions

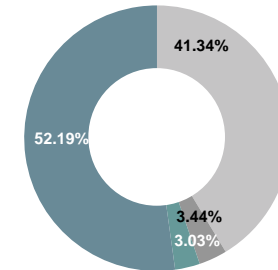
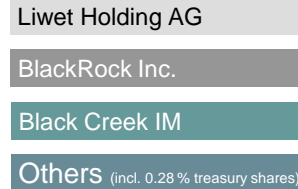


Oerlikon shares

- 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)

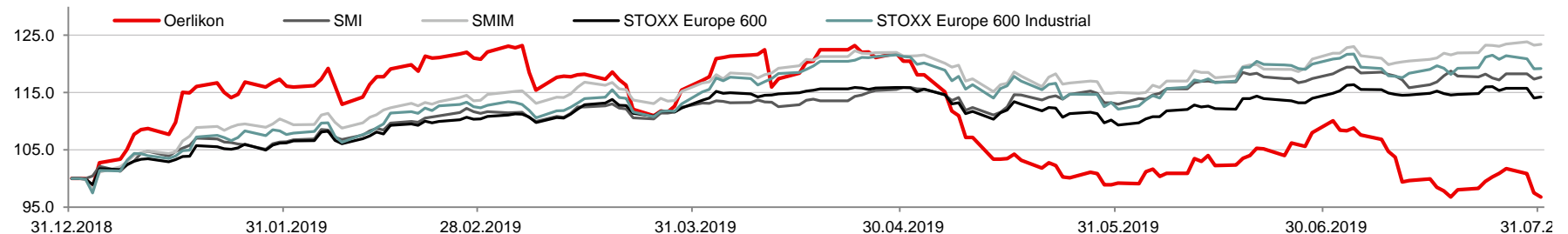
Oerlikon shareholder structure¹

as of July 31, 2019



Oerlikon share price development

as of July 31, 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 – 7 Buy / Add – 7 Hold / Neutral – 0 Sell / Underperform

Broker	Analyst	Recommendation	Date of last update	Target price
AlphaValue	Luis Pereira	Buy	12.07.2019	14.60
Baader Helvea	Christian Obst	Hold	29.07.2019	12.50
Berenberg Bank	Marta Bruska	Hold	05.03.2019	16.00
Credit Suisse	Patrick Laager	Neutral	02.07.2019	13.50
Deutsche Bank	Alexander Thiel	Buy	07.05.2019	15.00
Jefferies	Graham Phillips	Hold	25.06.2019	13.00
Kepler Cheuvreux	Torsten Sauter	Hold	31.07.2019	11.85
MainFirst	Christian Arnold	Neutral	25.06.2019	14.00
Octavian	Alessandro Foletti	Buy	25.06.2019	14.70
RBC Capital Markets	Wasi Rizvi	Sectorperform	11.07.2019	12.50
Societe Generale	Sebastian Ubert	Buy	07.05.2019	15.50
UBS	Fabian Haecki	Buy	02.08.2019	12.90
Vontobel	Michael Foeth	Buy	25.06.2019	16.60
ZKB	Armin Rechberger	Marketweight	25.06.2019	-
Consensus				14.05

August 6, 2019	Q2 / H1 2019 results - Media & Analyst Conference Call
November 5, 2019	Q3 / 9M 2019 results - Media & Analyst Conference Call
March 3, 2020	Q4 / FY 2019 results - Media & Analyst Conference in Zurich
April 7, 2020	Annual General Meeting of Shareholders - KKL Lucerne



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