

Cost/cash measures ahead of schedule – Manmade Fibers Segment on track

Dr. Roland Fischer, CEO

Philipp Müller, CFO

2Q20 and 1H20 Results

Pfäffikon, August 4, 2020



1 Business Update and Oerlikon's response to COVID-19 pandemic impacts

2 2Q20 Financial and Business Review

3 Appendix

Manmade Fibers remains on track; cost/cash measures in Surface Solutions ahead of schedule

1 Manmade Fibers remains on track despite COVID-19 pandemic

- 1H order intake at CHF 510 million positions segment well for future
- 2020 delivery schedules remain on track
- Nonwoven business concluded 15 contracts for new melt-blown equipment for facial masks

2 Surface Solutions globally impacted – improvement as 2Q progressed

- Providing system relevant services and sustainable innovation pipeline
- Q2 Surface Solutions Segment sales -31% year-over-year (-27% ex-FX)
- COVID-19 pandemic significantly impacted all business lines
- First signs of recovery towards the end of June in some end-markets

3 Accelerated cost and cash measures in Surface Solutions

- Reduced operating expenses (excluding restructuring and impairment charges) by more than CHF 90 million year-over-year
- Structural cost out program ahead of schedule; Completed >400 of targeted headcount reduction (total ~800) at the end of June 2020

4 Cash controls working ... strong Group liquidity preserved

- Reduced CAPEX in 1H by CHF ~18 million year-over-year
- CHF 600m cash and cash equivalents at end of Q2 2020
- Commitment to medium-term Group margins of 16-18%

Our Priority: adjust the structural cost base in order to return to 16 – 18% Group EBITDA margin

Program is focused on Surface Solutions

- Optimization focus areas:
 - HQ and support function optimization
 - Structural footprint and legal entity rationalization
 - Rightsizing Additive Manufacturing
 - Procurement synergies
- Total program annuity run-rate EBITDA savings CHF ~60 m
- One-time implementation cost CHF ~60 m*
- Expecting to complete ~85% of headcount reduction (800 employees) by the end of 4Q20

*CHF 25m booked in 2019, CHF 21m booked in 1H20, CHF 14m planned for 2H20

Expected near-term impacts of COVID-19 pandemic on Oerlikon's served markets

Filament and Nonwoven	Tooling	General Industrial & Other	Automotive	Aviation
<ul style="list-style-type: none"> Large filament producers confirm expansion plans BCF at low point of cycle Nonwoven market is expanding due to need for face masks from meltblown lines 	<ul style="list-style-type: none"> Sharp deterioration in industrial production globally Automotive and Aerospace markets have knock-on impact Low visibility across all industries. Though some green shoots are being seen 	<ul style="list-style-type: none"> Sharp deterioration in industrial production globally China already in recovery mode PMI shows signs of recovery into June 	<ul style="list-style-type: none"> Global production volumes expected to fall YoY ~23% Chinese production recovering and signs of European ramp up in production Structural change towards electric / hybrid vehicles 	<ul style="list-style-type: none"> COVID-19 create perfect storm for Aerospace industry IATA:55% decline of passenger traffic in 2020; not returning to 2019 levels until 2024 Aircraft production (Boeing/Airbus) heavily reduced
44 % Group Sales 1H20	17% Group Sales 1H20	17% Group Sales 1H20	13% Group Sales 1H20	9% Group Sales 1H20
Continued long-term strategic customer developments. Long-term project horizon means limited COVID-19 impact	Assumes Q2 low point and gradual recovery	Assumes Q2 low point and gradual recovery in line with Industrial Production with localized trends	Assumes Q2 low point and gradual recovery based on OEM indications to ramp-up production	Assumes FY20 low point and prolonged structural issues extending the recovery
Stable	V-shaped recovery	V-shaped recovery	U-shaped recovery	L-shaped prolonged recovery

Surface Solutions well positioned for market rebound in Automotive, Tooling, Aerospace and General Industry – Manmade Fibers remains stable

Improving resilience to position the Group well for the post global pandemic environment

1

World-class Surface Solutions technology leader that will emerge from the crisis more profitable and with higher returns

2

Broader and stronger Manmade Fibers Segment that continues to deliver above average returns

3

Strong balance sheet positions Group well for the future

Agenda

1 Business Update and Oerlikon's response to COVID-19 pandemic impacts

2 2Q20 Financial and Business Review

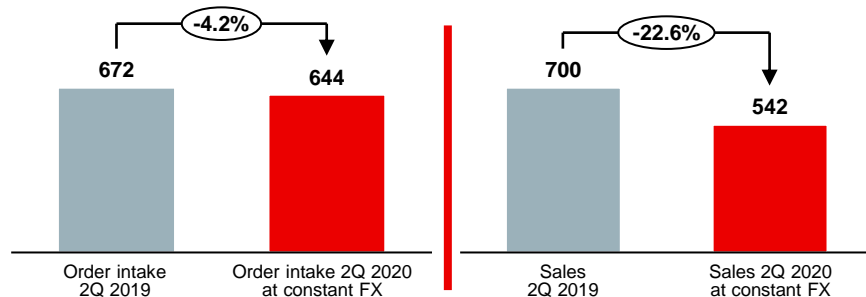
3 Appendix

Group impacted by COVID-19 pandemic in 2Q20; OMF performed well with strong bookings

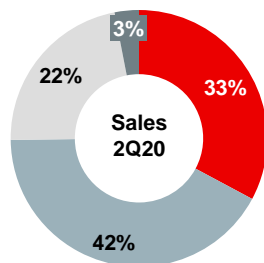
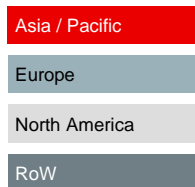
in CHF million	2Q20	2Q19	y-o-y	HY20	HY19	y-o-y
Order intake	604	672	-10.1%	1'081	1'352	-20.1%
Sales (3 rd parties)	510	700	-27.2%	1'039	1'324	-21.5%
Operational EBITDA	55	123	-55.3%	114	218	-47.7%
In % of sales	10.8%	17.6%	-	10.9%	16.4%	-
Operational EBIT	4	73	-94.0%	11	118	-90.5%
In % of sales	0.9%	10.4%	-	1.1%	8.9%	-

- 2Q20 Group Orders declined by 10.1% vs. 2Q19 due to significant COVID-19 impact on Surface Solutions – Manmade Fibers order intake increased by 22.8%
- Group Sales declined by 27.2% vs. 2Q19
 - Lower activity in Surface Solutions in all business lines due to COVID-19
 - Manmade Fibers sales declined by 22.8% vs. 2Q19 related to high sales in previous year – full year delivery schedules to be largely unaffected and on track
- Negative FX impact on Sales and Orders from continuing strengthening of reporting currency CHF
- Operational EBITDA at 10.8% – strong cost control measures only partially offset lower cost absorption due to the significant decline in sales
- Restructuring / impairment charges to enable cost out actions of CHF 26m excluded from operational results

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



Surface Solutions Segment – performance impacted by slowdown in all end markets, cost actions initiated

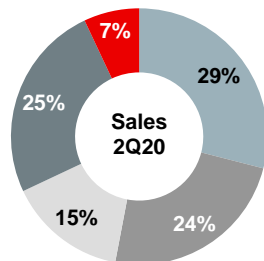
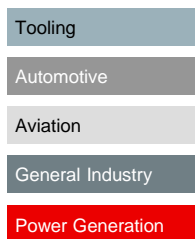


OPERATIONAL PERFORMANCE

- Global lock-downs had a significant negative impact on sales across geographies and product lines
- Profitability contracted due to lower production volumes
- Structural cost measures ahead of schedule – over 50% of targeted headcount reduction completed
- In addition to the structural measures a number of short-term actions have been implemented – reduced OPEX by ~90M in 1H

MARKET DEVELOPMENT

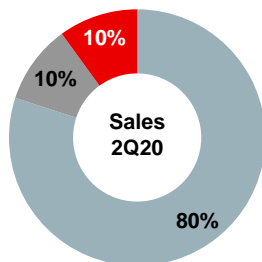
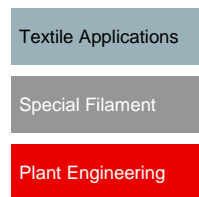
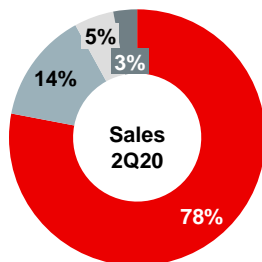
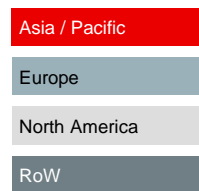
- All end-markets have been heavily impacted by the COVID-19 pandemic
- Europe / North America seeing most significant negative impact in Q2 – some signs of recovery in June / July
- China recovering during 2Q but India & Japan remain slow
- Automotive market down substantially, European and Asian production ramping up towards end of quarter
- Aerospace impacted heavily by reduced commercial travel and new plane order cancellations resulting in substantial reduced aircraft production



in CHF million	2Q20	2Q19	y-o-y	y-o-y ex FX	HY20	HY19	y-o-y	y-o-y ex FX
Order intake	238	374	-36.5%	-32.5%	571	759	-24.7%	-20.6%
Sales (3 rd parties)	262	379	-30.9%	-26.7%	587	750	-21.8%	-17.5%
Operational EBITDA	17	64	-73.5%	–	56	126	-55.3%	–
In % of sales	6.5%	16.9%	–	–	9.5%	16.7%	–	–
Operational EBIT	-24	22	<-100%	–	-29	42	<-100%	–
In % of sales	-9.3%	5.7%	–	–	-4.8%	5.5%	–	–

¹IP = Industrial Production

Manmade Fibers Segment – strong 2Q order intake; Full year deliveries on-track



OPERATIONAL PERFORMANCE

- Strong order bookings in 2Q20 of CHF 366m – 1H order intake > 500M
- No order cancellations despite the COVID-19 pandemic
- Despite lower 2Q sales compared to previous year 2020 production schedule remains on-track
- No interruption to the supply chain. In China operational activity has fully resumed
- Sequential improvement of EBITDA margin – on track to exceed 2019 level in 2020

MARKET DEVELOPMENT

- Textile Applications (Filament/Texturing) with continued strong market conditions due to connected investments in infrastructure and a robust project pipeline
- Strong project pipeline for Textile Applications resulting in lead times extending into 2023
- Significant enquiries from Nonwovens resulting from the demand for Meltblown lines due to COVID-19 pandemic
- Special Filament, mainly in BCF¹ in Turkey and US at expected low levels

in CHF million	2Q20	2Q19	y-o-y	y-o-y ex FX	HY20	HY19	y-o-y	y-o-y ex FX
Order intake	366	298	23.0%	31.3%	510	593	-14.1%	-8.5%
Sales (3 rd parties)	248	321	-22.8%	-17.7%	452	574	-21.2%	-16.3%
Operational EBITDA	38	58	-34.9%	–	56	91	-38.6%	–
In % of sales	15.2%	18.0%	–	–	12.4%	15.9%	–	–
Operational EBIT	30	51	-41.4%	–	41	78	-48.3%	–
In % of sales	12.1%	16.0%	–	–	9.2%	13.6%	–	–

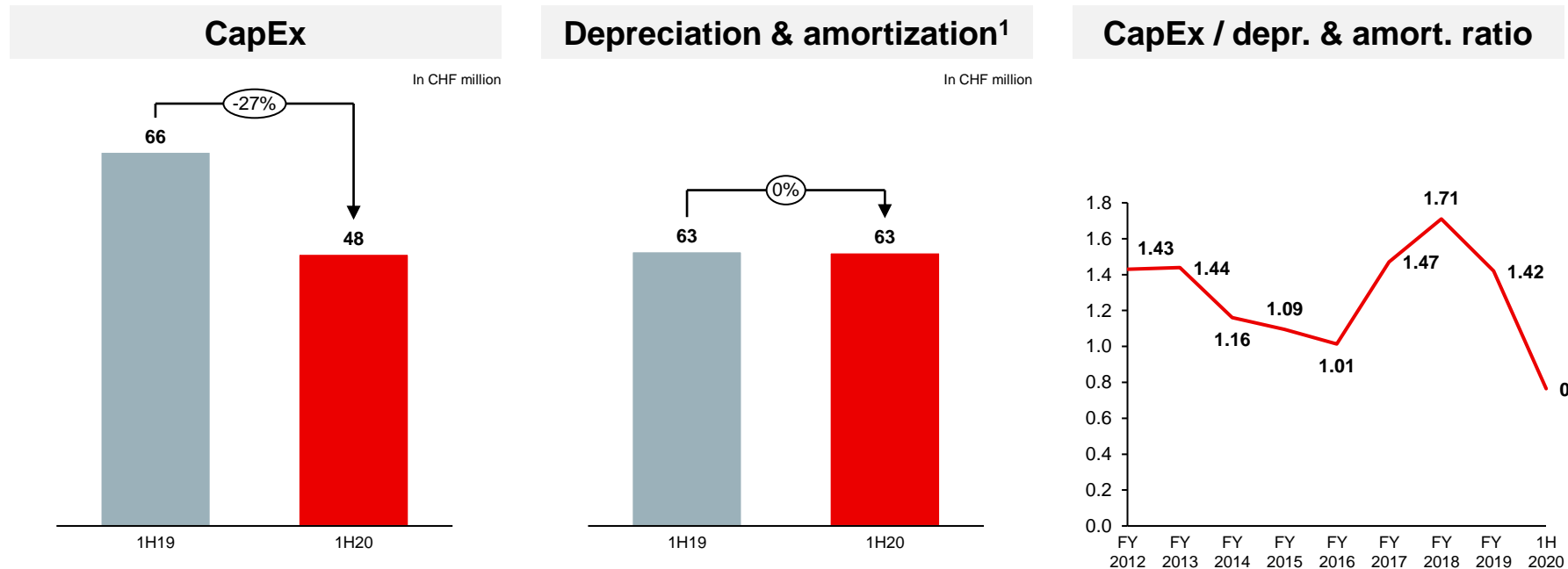
¹ Bulkled Continuous Filament (Carpet Yarn)

Strong balance sheet with an equity ratio of 37 % despite COVID-19 pandemic and dividend in 1H20

in CHF million

	H1 2020	FY 2019
Cash and cash equivalents	600	658
Trade and trade notes receivables	291	309
Inventories	359	338
Property, plant and equipment	591	634
Goodwill and intangible assets	1'131	1'117
Total other assets	640	591
Total assets	3'612	3'647
Trade payables	228	264
Current contract liabilities	361	313
Non-current lease liabilities	186	178
Non-current loans and borrowings	154	154
Non-current post-employment benefit liabilities	332	347
Liabilities classified as held for sale	-	-
Total other liabilities	1'023	622
Total liabilities	2'284	1'878
Total equity	1'328	1'769
Total equity ratio	37 %	49 %
Net (debt) cash	-156	380

Prioritization of CAPEX investments in 1H; in line with strategy to improve capital efficiency

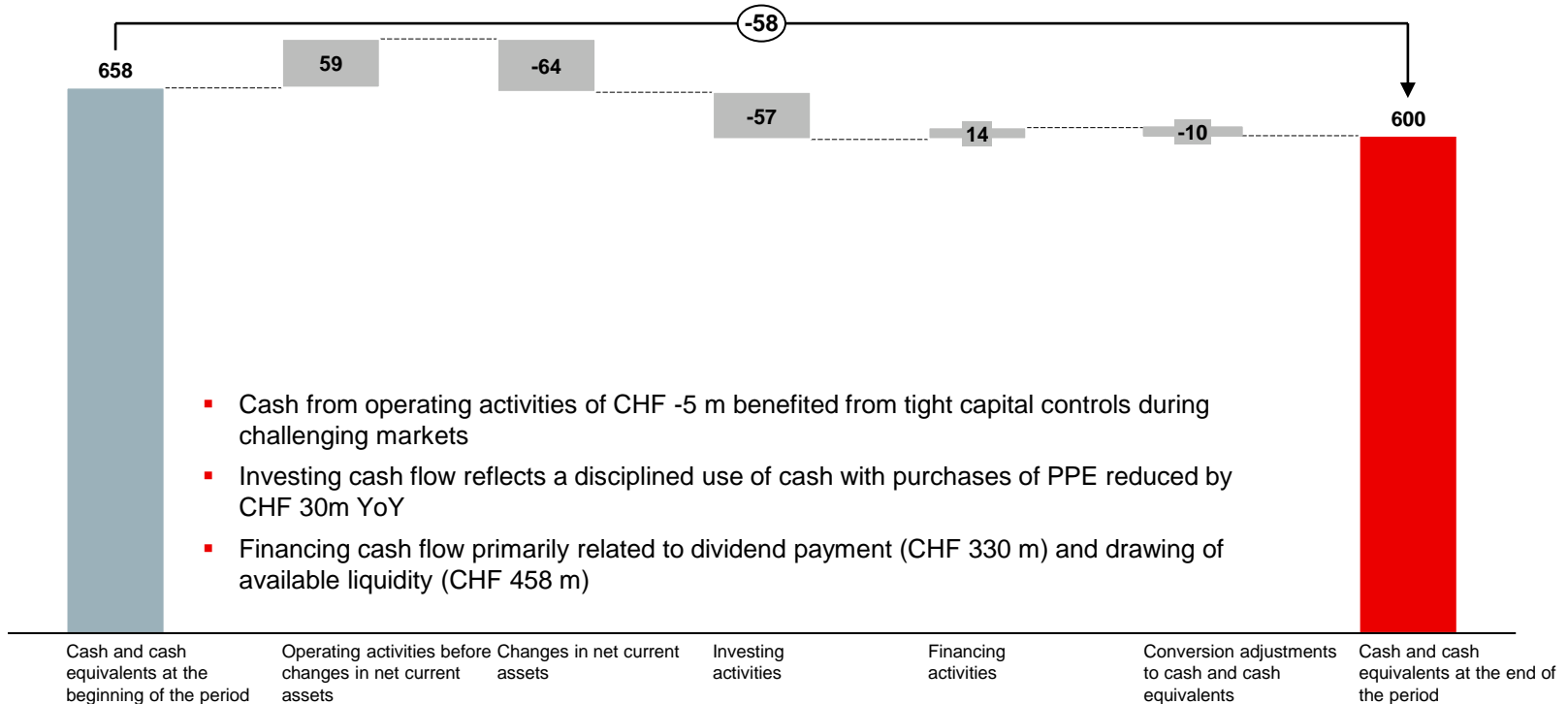


- Surface Solutions capex was reduced substantially from CHF 51 m to CHF 26 m for the first half
- Manmade Fibers capex was stable at CHF ~11m

¹ Depreciation & amortization excluding amortization of acquired intangible assets and depreciation related to right of use assets under IFRS16 (leasing). Additionally impairments are not included in depreciation and amortization.

Consolidated cash flow statement 1H20

in CHF million



1

Strong order bookings of over CHF 500m and operational performance from Manmade Fibers in 1H20 in spite of the COVID-19 pandemic

2

Surface Solutions impacted by COVID-19 resulting from lower economic activities; technology, innovation and market position to take advantage of market recovery

3

Group liquidity and balance sheet remain strong

4

Accelerating and deepening actions to adjust Surface Solutions cost base...
...emerge as stronger company from crisis

5

2H20 expected to benefit from margin expansion as cost actions are realized.
Remain committed to mid-term 16-18% Group EBITDA margin target

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Net income impacted by COVID-19 pandemic

in CHF million

	H1 2020	H1 2019	Δ
Order intake	1'081	1'352	-20.1 %
Sales	1'039	1'324	-21.5 %
Operational EBITDA	114	218	-47.7 %
In % of Sales	10.9%	16.4%	
EBITDA	92	214	-56.9%
In % of Sales	8.9%	16.2%	
Operational EBIT	11	118	-90.5 %
In % of Sales	1.1%	8.9%	
Result before interest and taxes (EBIT)	-16	115	<-100 %
in % of sales	-1.5%	8.7%	
Financial result	-8	-7	14.3 %
Result before taxes (EBT)	-24	107	<-100 %
in % of sales	-2.3 %	8.1 %	
Income taxes	-9	-28	-68.0 %
in % of EBT	-37.5 %	-26.1 %	
Result from continuing operations	-32	80	<-100 %
in % of sales	-3.1 %	6.0 %	
Result from discontinued operations, net of income taxes	0	-179	n/a
Net result	-32	-99	-67.7 %

Reconciliation of Profitability Measures 1H 2020

EBITDA to EBIT Bridges

in CHF million	Group		Surface Solutions		Manmade Fibers	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
EBITDA	92	214	35	125	56	91
Depreciation and Impairments	-67	-66	-57	-56	-9	-9
EBITA	25	148	-22	69	47	82
Amortization of Acquired Intangibles	-21	-20	-19	-19	-2	-1
Other Amortization	-14	-13	-9	-9	-3	-3
Impairments	-5	--	-5	--	--	--
EBIT	-16	115	-55	41	41	78

Operational Profitability Reconciliation

in CHF million	Group		Surface Solutions		Manmade Fibers	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
Operational EBITDA	114	218	56	126	56	91
Restructuring expenses	-21	-2	-21	-1	-0	--
Discontinued activities	--	-1	--	--	--	-1
EBITDA	92	215	35	125	56	91

in CHF million	Group		Surface Solutions		Manmade Fibers	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
Operational EBIT	11	118	-29	42	41	78
Restructuring expenses	-21	-2	-21	-1	-0	--
Impairments related to restructuring	-5	--	-5	--	--	--
Discontinued activities	--	-1	--	--	--	-1
EBIT	-16	115	-55	41	41	78

Reconciliation of Profitability Measures 2Q 2020

EBITDA to EBIT Bridges

in CHF million	Group		Surface Solutions		Manmade Fibers	
	2Q 2020	2Q 2019	2Q 2020	2Q 2019	2Q 2020	2Q 2019
EBITDA	34	121	-4	64	37	57
Depreciation and Impairments	-33	-33	-28	-28	-5	-4
EBITA	1	88	-32	36	33	53
Amortization of Acquired Intangibles	-11	-10	-9	-9	-1	-1
Other Amortization	-7	-7	-4	-5	-2	-1
Impairments	-5	--	-5	--	--	--
EBIT	-22	70	-50	21	30	51

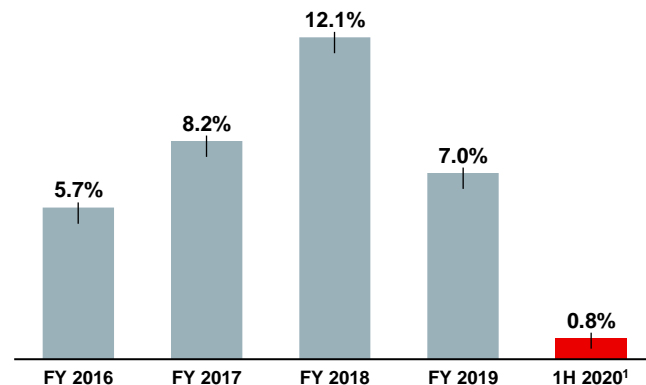
Operational Profitability Reconciliation

in CHF million	Group		Surface Solutions		Manmade Fibers	
	2Q 2020	2Q 2019	2Q 2020	2Q 2019	2Q 2020	2Q 2019
Operational EBITDA	55	124	17	64	38	58
Restructuring expenses	-21	-2	-21	-0	-0	--
Discontinued activities	--	-1	--	--	--	-1
EBITDA	34	122	-4	64	37	57

in CHF million	Group		Surface Solutions		Manmade Fibers	
	2Q 2020	2Q 2019	2Q 2020	2Q 2019	2Q 2020	2Q 2019
Operational EBIT	4	73	-24	22	30	51
Restructuring expenses	-21	-2	-21	-0	-0	--
Impairments related to restructuring	-5	--	-5	--	--	--
Discontinued activities	--	-1	--	--	--	-1
EBIT	-22	70	-50	21	30	51

Return On Capital Employed (ROCE)

	1H 2020 ¹	FY 2019
12 Month Rolling EBIT	34	164
- Total current income tax	-51	-65
- Total deferred tax income	32	26
NOPAT	14	125
Net Operating Assets	1'832	1'826
+ Current income tax receivables	18	16
+ Deferred tax assets	142	142
- Current income tax payables	-51	-66
- Deferred Tax liabilities	-125	-128
Capital Employed	1'816	1'788

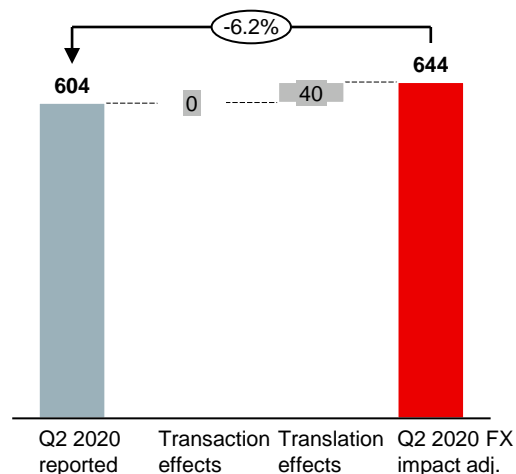


¹ 12-months rolling, continuing operations

FX impact on Orders, Sales and EBITDA in 2Q 2020

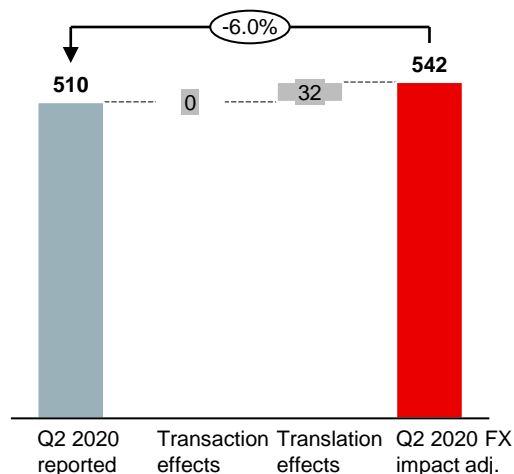
Order intake 2Q 2020

In CHF million



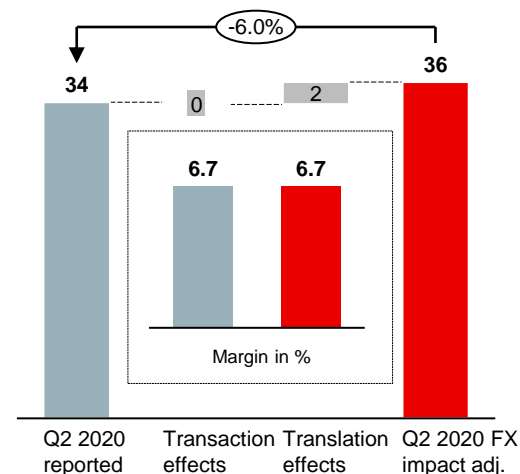
Sales 2Q 2020

In CHF million



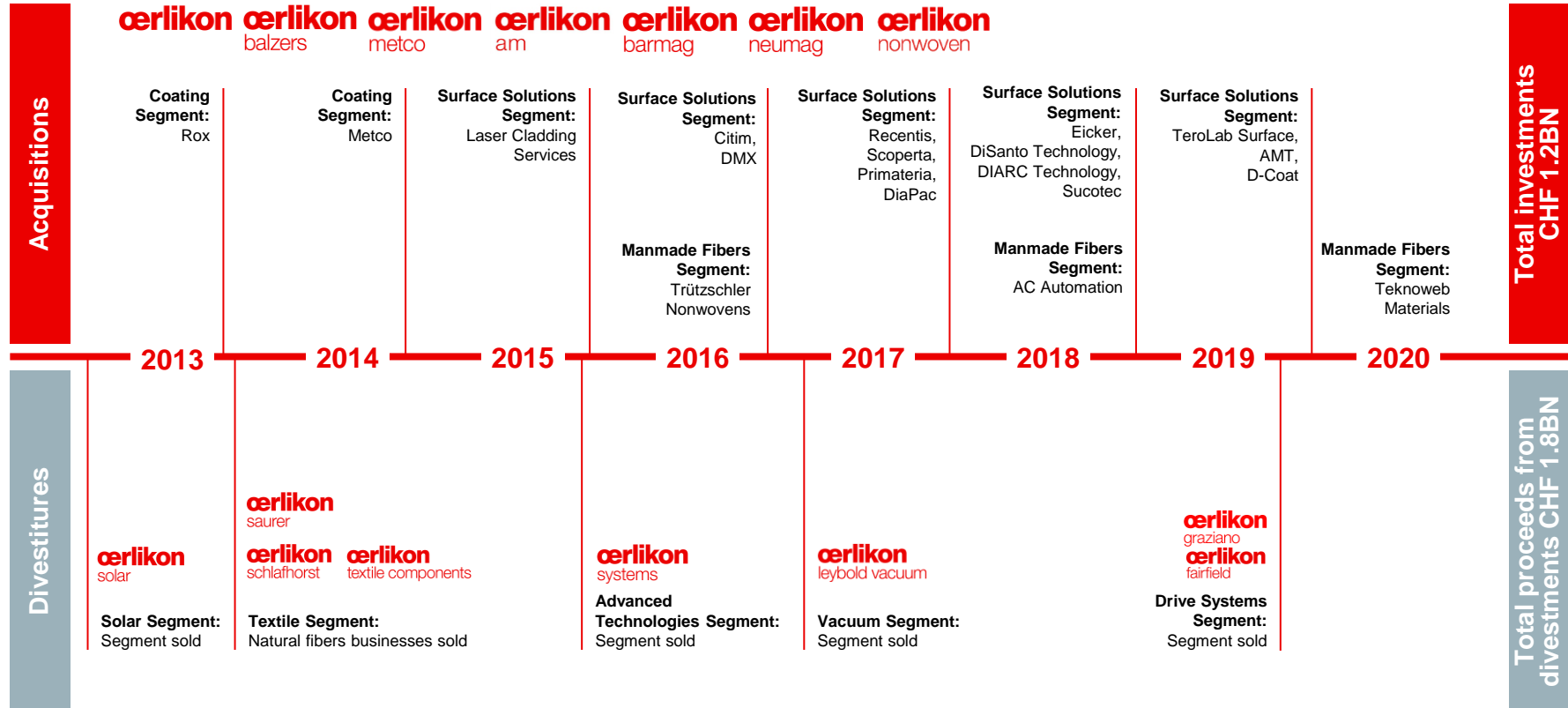
EBITDA 2Q 2020

In CHF million



- Top-line impact mainly related to currency translation into reporting currency CHF
- Main drivers were depreciation of EUR and CNY against CHF, partially compensated by a stronger USD against main currencies

Oerlikon Transformation – Streamlining the portfolio and focus on Surface Solutions

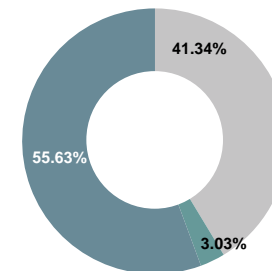
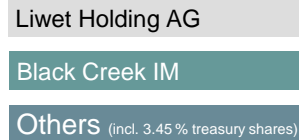


Oerlikon shares

- 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)

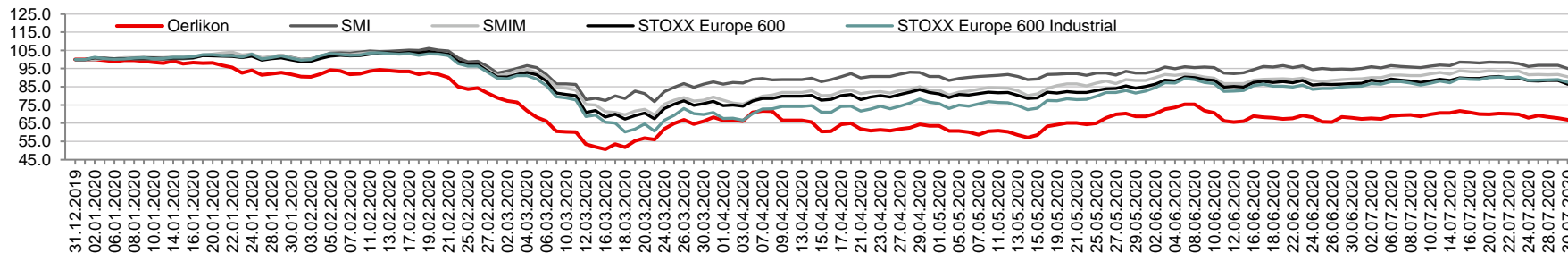
Oerlikon shareholder structure¹

as of March 31, 2020



Oerlikon share price development

as of July 31, indexed; 100 percent = closing price per December 31, 2019



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 August 14, 2019 of 9 826 322 voting rights)

Coverage – 7 Buy / Add – 5 Hold / Neutral – 1 Reduce / Sell

Broker	Analyst	Recommendation	Date of last update	Target price
AlphaValue	Luis Pereira	Add	06/05/2020	9.00
Baader Helvea	Christian Obst	Reduce	01/07/2020	7.00
Berenberg Bank	Marta Bruska	n/a	05/03/2019	n/a
Credit Suisse	Patrick Laager	Neutral	09/07/2020	9.00
Deutsche Bank	Uwe Schupp	Buy	08/05/2020	10.00
Kepler Cheuvreux	Torsten Sauter	Hold	23/04/2020	8.00
MainFirst	Christian Arnold	Hold	08/04/2020	7.60
Octavian	Alessandro Foletti	Buy	07/05/2020	10.10
RBC Capital Markets	Sebastian Künne	Outperform	14/07/2020	8.60
Societe Generale	Sebastian Ubert	Buy	01/07/2020	9.30
UBS	Fabian Haecki	Buy	28/04/2020	10.20
Vontobel	Michael Foeth	Buy	06/05/2020	8.10
ZKB	Armin Rechberger	Marketweight	06/05/2020	8.22
Consensus				8.76

Financial Calendar 2020



August 4, 2020

Q2 / HY 2020 results
- Media & Analyst Conference Call

November 3, 2020

Q3 / 9M 2020 results
- Media & Analyst Conference Call



Andreas Schwarzwälder

Head of Corporate Communications, Investor Relations & Marketing

Phone: +41-58-360-9622

Mobile: +41-79-810-8211

E-mail: a.schwarzwaelder@oerlikon.com

OC Oerlikon Management AG, Pfäffikon

Churerstrasse 120

CH – 8808 Pfäffikon SZ

Switzerland

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