

# Investing in a global industry leader with profitable growth and a transforming portfolio

Investor Presentation

December 2020



## 1 Investment Proposition

### 2 Surface Solutions Division

2.1 Attractive End Markets

2.2 Leading Technologies

2.3 Diversified Business Models

2.4 Profitable Growth Drivers

### 3 Manmade Fibers Division

### 4 Financials

4.1 Group overview

4.2 Latest quarterly results

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# Oerlikon's investment proposition

## A UNIQUE PROPOSITION...

Oerlikon creates innovative surface solutions, advanced materials and polymer processing, addressing customers' challenges and helping them succeed in their industries.

Over 1000 engineers are dedicated to continuously develop new solutions, materials and technologies with and for our customers.

Oerlikon is a leading global technology and engineering group serving its customers in 37 countries, generating CHF 2.59bn sales (FY 2019) and distributing a sustainable dividend to its shareholders.

Oerlikon has a net cash position and an unleveraged balance sheet allowing for organic and inorganic investments

## ... WITH TWO ATTRACTIVE INVESTMENT PILLARS

1

PROFITABLE GROWTH

2

PORTFOLIO  
TRANSFORMATION  
OPPORTUNITY

# Enable organic growth at attractive margins in Surface Solutions

**1** PROFITABLE GROWTH

## Mid-term aspiration: 4-6% revenue CAGR with sustainable EBITDA margin profile of 21-23%\*

|   |  |   |
|---|--|---|
| Leader with unique competences                            | <b>#1</b> and <b>#2</b> market positions                           | <ul style="list-style-type: none"> <li>▪ Presence across entire surface solutions value chain</li> <li>▪ Dedicated business models to match customer needs</li> </ul> |
| Attractive end markets                                    | Diversified industry exposure – <b>~2-3%</b> premium to global GDP | <ul style="list-style-type: none"> <li>▪ Aviation, automotive, tooling, power generation, general industry</li> </ul>   |
| Build on trusted customer relations                       | <b>&gt;30 000</b> customers  | <ul style="list-style-type: none"> <li>▪ Global OEMs and tier 1 clients in all end markets</li> <li>▪ Top 10 customers: ~18% of sales</li> </ul>                      |
| Technological leadership & innovation                     | <b>&gt;40</b> R&D sites & <b>&gt;50</b> global partnerships        | <ul style="list-style-type: none"> <li>▪ Widest ranging portfolio of surface technologies, advanced materials, coating equipment and services</li> </ul>              |
| Proven and diversified business model with global network | <b>&gt;60%</b> service revenue<br><b>166 sites</b> in 37 countries | <ul style="list-style-type: none"> <li>▪ Client-facing model offering engineering, coating services and solutions in materials &amp; equipment</li> </ul>             |

### ADDITIONAL GROWTH OPPORTUNITY: ONGOING RECOVERY IN LEADING MANMADE FIBERS DIVISION

\* excl. investments in Additive Manufacturing; incl. impacts from IFRS 16

# oerlikon

CHF 2 593 million sales (2019)

## Surface Solutions Division CHF 1 488 million

World market leader with widest ranging portfolio of surface technologies, advanced materials, coating equipment and services

## Manmade Fibers Division CHF 1 106 million

From melt to yarn, fibers and nonwovens - world market leader for systems / plants used in the production of manmade fibers

- **Creating a global surface solutions and advanced materials powerhouse**
- Organic investments: innovation, markets, applications and technologies
- Additive Manufacturing
- M&A

- **Manage market cycle**
- Execution of capacity increase on a variable basis to capture opportunities from recovery
- Maintain technology and market leadership
- Factory 4.0 (Automation)

REDEPLOY CASH AND BALANCE SHEET IN PROFITABLE GROWTH

1 Investment Proposition

**2 Surface Solutions Division**

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# Attractive end market exposure

Diversified exposure to early and late cycle markets  
Solving customer problems at center of value proposition



# Diversified industry exposure – Delivering customer value by delivering unique functionality to surfaces

## CUSTOMER VALUE

Oerlikon's surface solutions are used to enhance material and surface properties to serve a diverse array of functions to address industry challenges. Separating form and function and giving a purpose to the surface

With Oerlikon's capabilities in engineering, material processing and surface solutions we enhance performance of industrial components and empower customers do to things they could not do before

Advancing industrial innovation

## AEROSPACE

**5%**

overall efficiency increase in engine at improved safety



## AUTOMOTIVE

**2-4%**

Reduced fuel consumption

**up to 40%**

Friction reduction



## TOOLING

**2.5x**

increased drilling speed

**~67%**

tool lifetime extension



## POWER GENERATION

**2%**

overall efficiency increase at a 530MW gas turbine



## GENERAL INDUSTRY

Coatings can prolong the service life by a factor of

**up to 50**

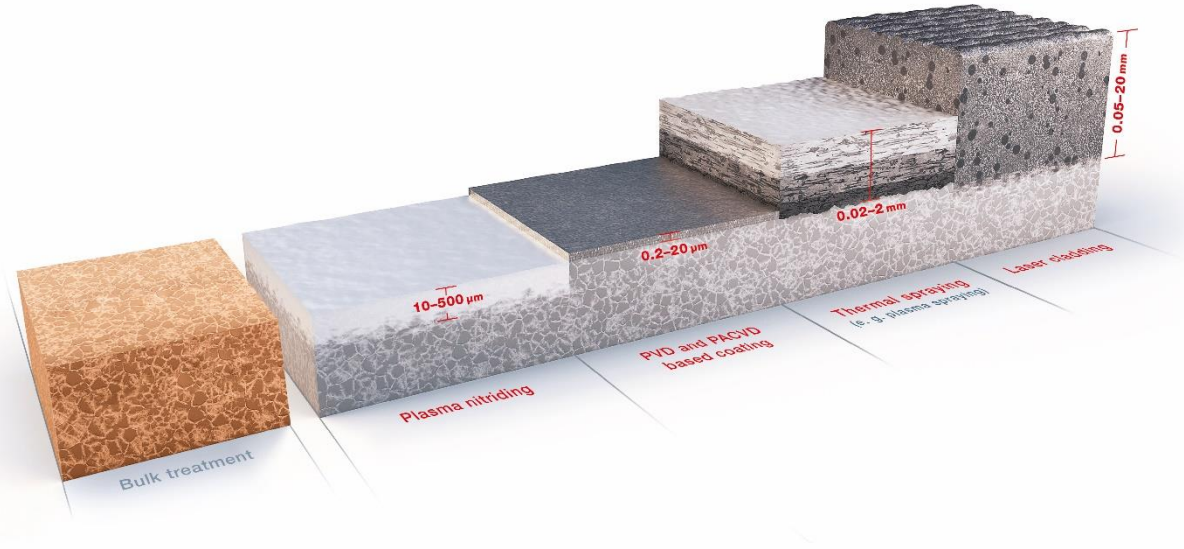




# Leading Technologies



# Oerlikon builds on a leading, wide-ranging portfolio of surface technologies



## NITRIDING

- Nitriding involves ionizing a nitrogen-hydrogen gas mixture in a vacuum

## PVD and PACVD/CVD

- PVD is a vacuum deposition method, where a highly pure, solid coating material goes from a condensed state to vapor and then back to a thin-film condensed state
- PACVD and CVD are processes used to deposit thin films from a gas state (vapor) to a solid state on a substrate; Chemical reactions are involved in the process, which occur after the creation of a plasma of the reacting gases

## THERMAL SPRAYING

- Powder or wire is melted at high temperatures and the materials are then sprayed onto a surface

## LASER CLADDING

- Laser cladding is a method of depositing material in which a powdered or wire feedstock material is melted and consolidated by use of a laser in order to coat part of a substrate

## Comprehensive surface functionalities

Oerlikon offers

> 20

different surface properties

corrosion protection

hardness

anti-sticking

antibacterial

chemical stability

color flexibility

bio-compatibility

environmental protection

conduction control

decorative enhancement

magnetism control

strength

permeability control

thermal stability

insulation control

abrasion protection

clearance control

easy cleaning

thermal protection

clearance control

easy cleaning

erosion protection

safety

anti-reflection

wear resistance

# Diversified business model serving customer needs

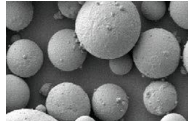
Range of ways to market across service, equipment and materials  
Continued focus on technological leadership to foster market leading positions



# Business model – Matching customer challenges with standard and customized solutions

## Materials solutions

- Powders and consumables used in thermal spray
- Large formula portfolio in specialty & commodity products



## Equipment solutions

- Engineered thermal spray & coating systems
- Spray guns
- Sales through key accounts and channel partners



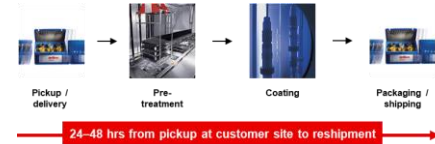
Spray gun



System

## Service solutions

- Providing engineering, surface coatings and pre-and post-treatment as a service
- Global network of 152 centers



## USP in application know-how of equipment and material

- Oerlikon's IP sits in the specific process know-how and materials competence
- Client relations have an R&D to R&D character
- Long-lasting client relationships due to design-in and certification processes
- High level of recurring customer demand for materials, equipment and consumables

## USP in proximity to customers

- Logistics competence (fast delivery times)
- Network scaling effects
- Flexible, low investment to further expand existing sites and network
- Supporting customers throughout life-cycle

### Competitors Materials

HC Stark, Praxair, Höganäs

### Competitors Equipment

Praxair, Progressive Surface, GTV

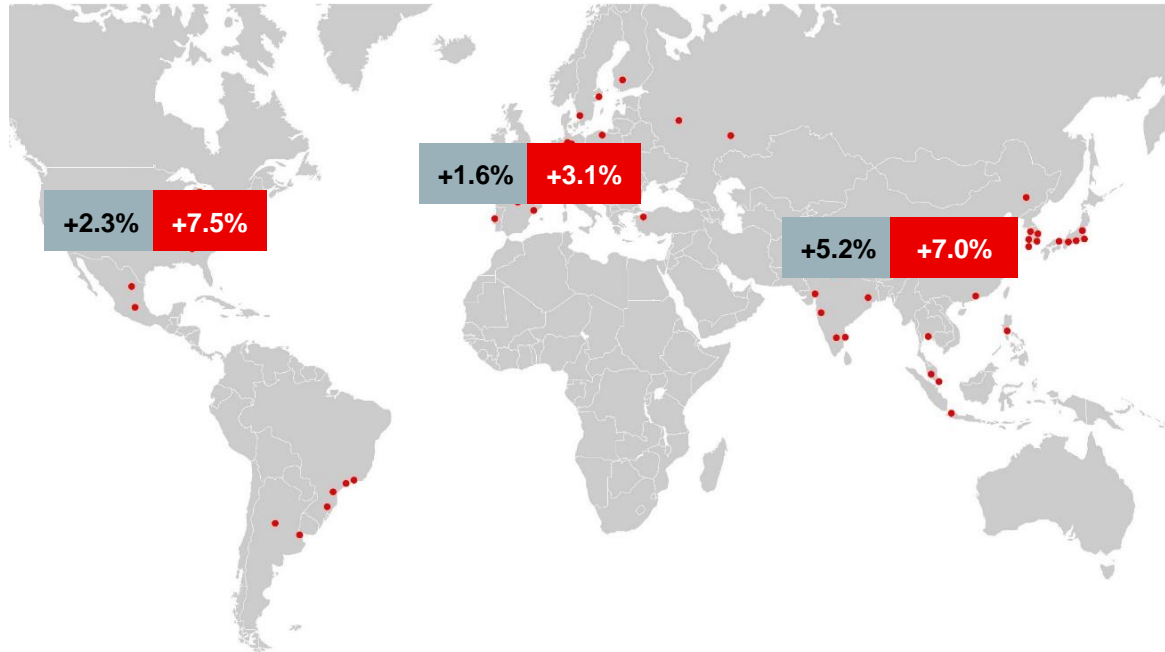
### Competitors Service

Ionbond (IHI), Eifeler, Praxair, Chromalloy

# Business model – Leading positions and priorities

|           | FY 19 Revenue & market position  | Revenue CAGR 2015-19 | Strategic priorities  |
|-----------|--|----------------------|---|
| Material  | <p><b>CHF 0.63bn revenue</b></p> <ul style="list-style-type: none"> <li>&gt;30% market share in materials (Aero &amp; Defense)</li> <li>~20% market share in materials (Power Generation)</li> </ul>     | +8%                  | <ul style="list-style-type: none"> <li>Expand materials portfolio &amp; reduce time to market (Scoperta acquisition)</li> <li>Increase penetration of new thermal spray coating system after successful launch</li> </ul> |
| Equipment | <ul style="list-style-type: none"> <li>&gt;40% market share in equipment (Aero &amp; Defense)</li> <li>~35% market share in equipment (Power Generation)</li> </ul>                                      | +4%                  | <ul style="list-style-type: none"> <li>Increase tailored solutions approach in materials and equipment</li> </ul>   |
| Service   | <p><b>CHF 0.86bn revenue</b></p> <ul style="list-style-type: none"> <li>~30% PVD market share (#1)</li> <li>~40% friction systems market share (#1)</li> <li>~15% nitriding market share (#1)</li> </ul> | +4%                  | <ul style="list-style-type: none"> <li>Strengthen #1 position by expanding network, application and product range</li> <li>Accelerate service growth / leverage current momentum</li> </ul>                               |

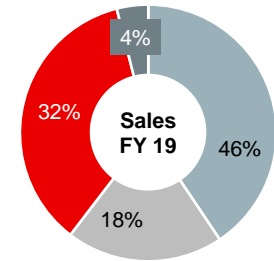
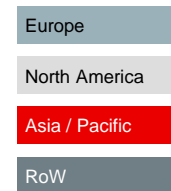
# Business model – Global coating center network



## 157 SERVICE CENTER FOR GROWTH

- Diversified regional exposure allows servicing of global and local customers
- Ongoing network expansion aligned to customer demand and regional dynamics
- Asset light capacity expansion through both additional on-site capacity and new centers
- Outperform growth in all regions

## GLOBAL NETWORK - DIVERSIFIED SALES



GDP\* OERL Regional GDP growth versus Surface Solutions growth 2015-19

<sup>1</sup> Source: IMF; average 2015-2019

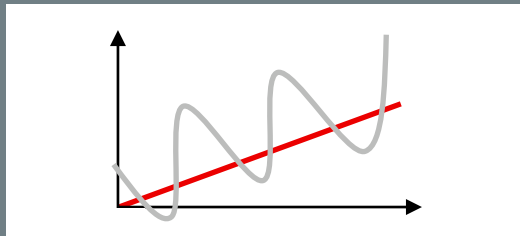
# Driving profitable growth

Levers of growth in customer alignment, innovation, regional expansion and M&A  
Additive Manufacturing as adjacent structural growth opportunity



# Three drivers of profitable growth

## 1. MID-TERM MARKET GROWTH



End market exposure to growing markets

Aero +4-5%

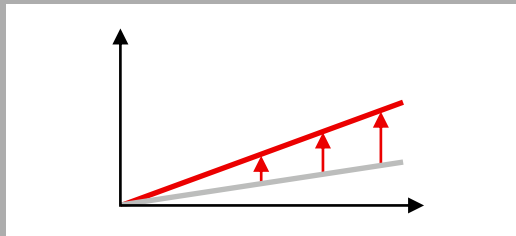
Automotive ~+2%

Tooling ~+3%

Power Gen +2-3%

Gen. industry ~+3%

## 2. OERLIKON STRUCTURAL GROWTH



Oerlikon has the ability to outgrow end market trends

Customer alignment

Innovation

Regional expansion

Value chain

Additive Manufacturing

## 3. M&A OPPORTUNITIES

- Unlevered balance sheet
- Net cash position of ~CHF 400m
- Continued FCF generation

Supporting structural growth with acquisitions

Access new customers & industries

New & adjacent tech. & materials

Geographical expansion

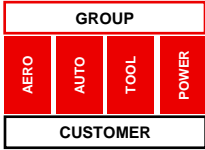
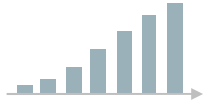

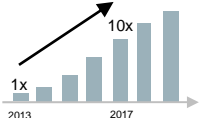
Value chain integration

Thermal spray service business

**Targeted EBITDA margin profile of 21-23%\***

\* excl. investments in Additive Manufacturing; incl. impacts from IFRS 16



|   | Achievements (Examples)   | Potentials  |
|---|---|---|
| <p><b>Customer alignment</b></p> <p>▶ Leverage existing customer relationships and industry expertise</p>  | <ul style="list-style-type: none"> <li>▪ Building a client facing structure along industries</li> <li>▪ Alignment in sales and management structure</li> <li>▪ Moving to more key account management</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Identify and address untapped markets and applications</li> <li>▪ Top-Selling</li> </ul>                                       |
| <p><b>Innovation</b></p> <p>▶ Leverage leading technological capabilities</p>                              | <ul style="list-style-type: none"> <li>▪ 2010 introduction special carbides for aero applications</li> <li>▪ 5 year qualification period with leading OEMs</li> <li>▪ 50% increase year-over-year achieved over 2 year period</li> </ul>                                | <ul style="list-style-type: none"> <li>▪ Innovation pipeline for coating solutions, materials and equipment</li> </ul>  |
| <p><b>Regional expansion</b></p> <p>▶ Expand and leverage network</p>                                      | <ul style="list-style-type: none"> <li>▪ Follow development of new industrial poles (SEA), i.e. Malaysia, Philippines, South Korea</li> <li>▪ Today 47 centers in Asia (24 in 2010 and 12 in 2005)</li> </ul>   | <ul style="list-style-type: none"> <li>▪ 8 focus countries defined</li> <li>▪ 3-4 new coating centers p.a.</li> </ul>   |
| <p><b>Value chain</b></p> <p>▶ Expand value added offering</p>    | <ul style="list-style-type: none"> <li>▪ 2013 acquisition of Rox regrinding technology - an important backward integration step in recoating tools</li> <li>▪ Today, Rox systems in &gt;15 centers established</li> <li>▪ Grew revenue 10x since acquisition</li> </ul> | <ul style="list-style-type: none"> <li>▪ Expansion into additional pre- and post treatment activities</li> <li>▪ Increasing service value per tool/component</li> </ul> |

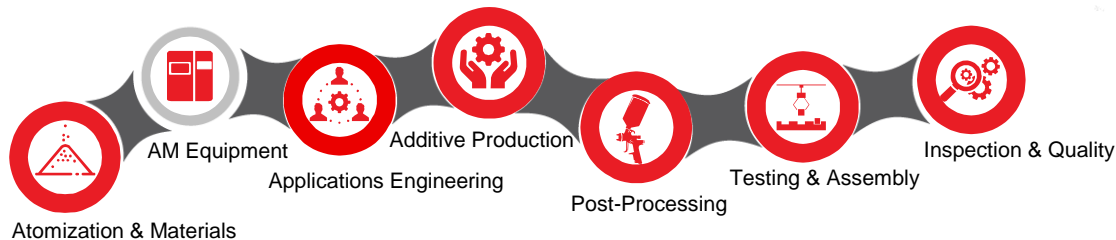
# From surface to structure – Leveraging Oerlikon’s core competencies to scale the entire AM value chain

## LEVERAGING LEADING CAPABILITIES OF SURFACE SOLUTIONS IN AM OFFERING:

1. **AM-specific metal powders**  
including, Ni, Co, Cu, Fe, Ti & Al alloys
2. **Application engineering and R&D**  
to support customer’s AM development
3. **Prototype production**  
metal and plastic
4. **Series production**  
of advanced metallic components using AM  
and state of the art post-processing technologies

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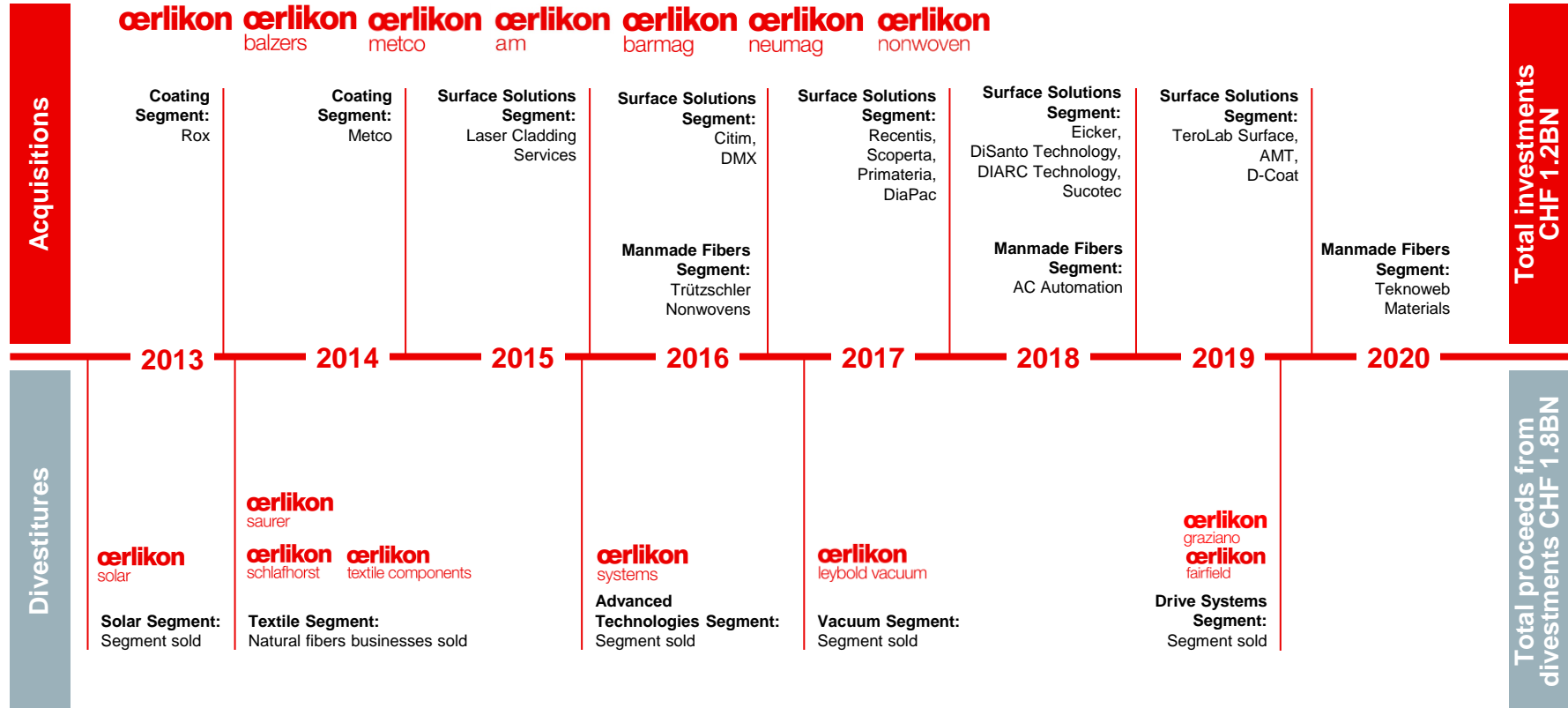
## HELPING OUR CUSTOMERS REALIZE THE VALUE OF ADDITIVE MANUFACTURING



## DELIVERING ADVANCED MATERIALS & COMPONENTS GLOBALLY



# Oerlikon Transformation – Streamlining the portfolio and focus on Surface Solutions



Total investments CHF 1.2BN

Total proceeds from divestments CHF 1.8BN

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# Manmade Fibers – Supplying Industry Solutions from Melt to Yarn, Fibers and Nonwovens

## #1 IN CONCENTRATED MARKET

- The polyester chain is quite consolidated on both the customer and competitor front – largest competitor is Japanese TMT Machinery
- 25 companies represent over 60% of global manmade fibers capacity – 22 of which are Oerlikon customers

## FOCUS ON CYCLE MANAGEMENT

- Current market improvement driven by market consolidation, performance and technology upgrades – ahead of 13th Chinese five-year plan
- Lean in terms of vertical integration and corporate setup
- Through cycle target of average:
  - CHF750m to CHF850m sales (peak up to CHF 1.1bn)
  - Mid-teens EBITDA margin

## UNIQUE CUSTOMER BENEFITS FOR MANMADE FIBER APPLICATIONS

- Long-term engineering competencies ensure highly reliable processes
- Compact machine design an efficient use of space including control elements embracing Industry 4.0
- Continuous improvement in energy efficiency achieving energy savings of up to 50%
- Low production cost (labor, downtime and maintenance cycles)
- High-quality output



43% of FY19  
Group revenue



Maintaining high level of topline  
until 2022 with improving margin

USP

Leading technology from melt to  
yarn, fibers and nonwovens

KEY FACTS

Textile Applications (~76% of sales)  
Filament (POY, FDY) and Texturing (DTY)



Special Filament (~11% of sales)  
BCF, IDY and Extrusion & Recycling



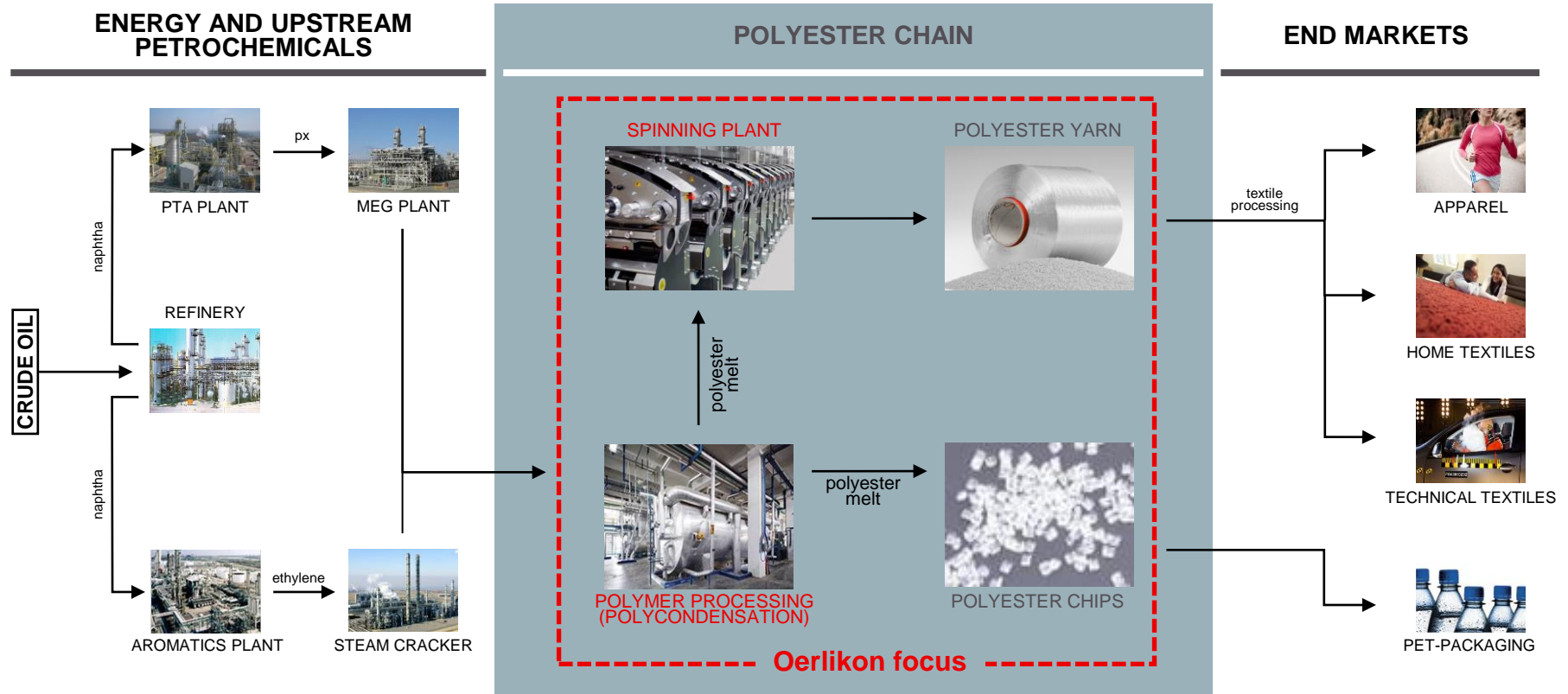
Plant engineering (~13% of sales)  
Continuous Polymerisation, Staple Fiber and  
Nonwoven



>10%

Share of customer service  
including spare parts, installation,  
training and surface / material testing

# Oerlikon in the middle of the polyester value chain

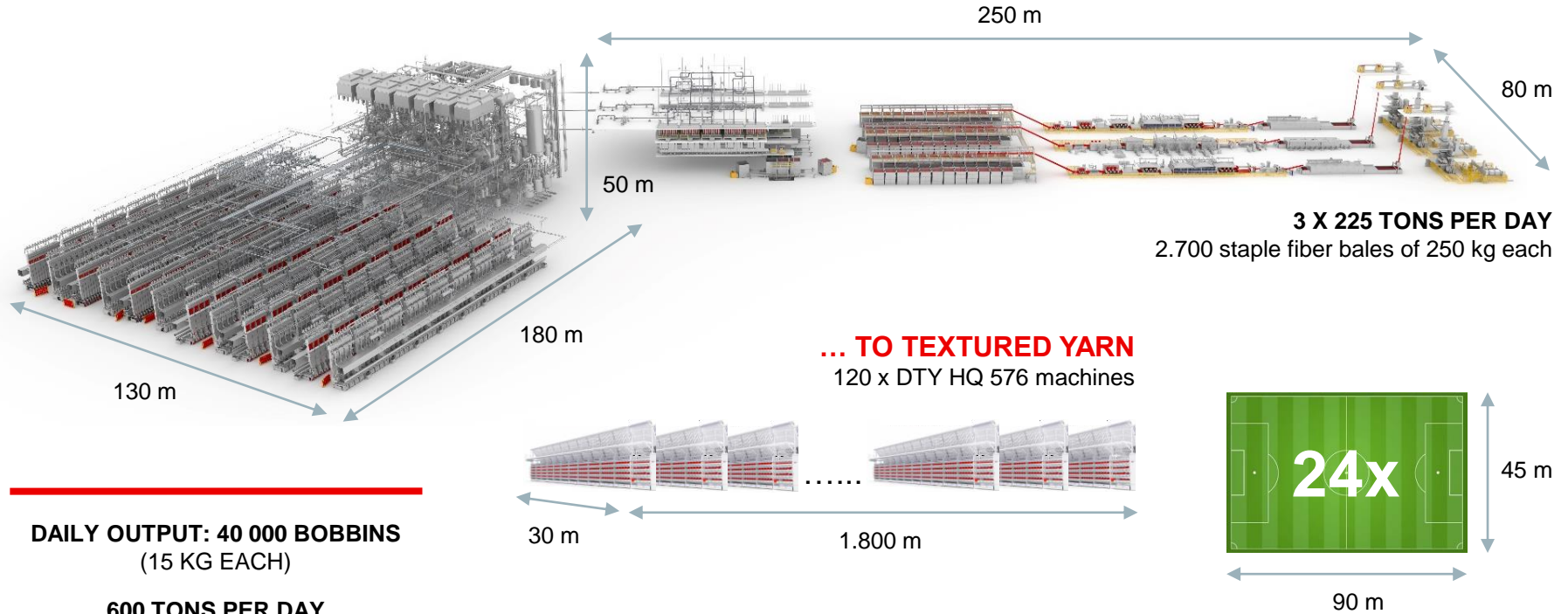


PX = paraxylene; PTA = purified terephthalic acid; MEG = monoethylene glycol; PET = polyethylene terephthalate.

# Customer example – Engineered Plant Solutions as One-Stop Service

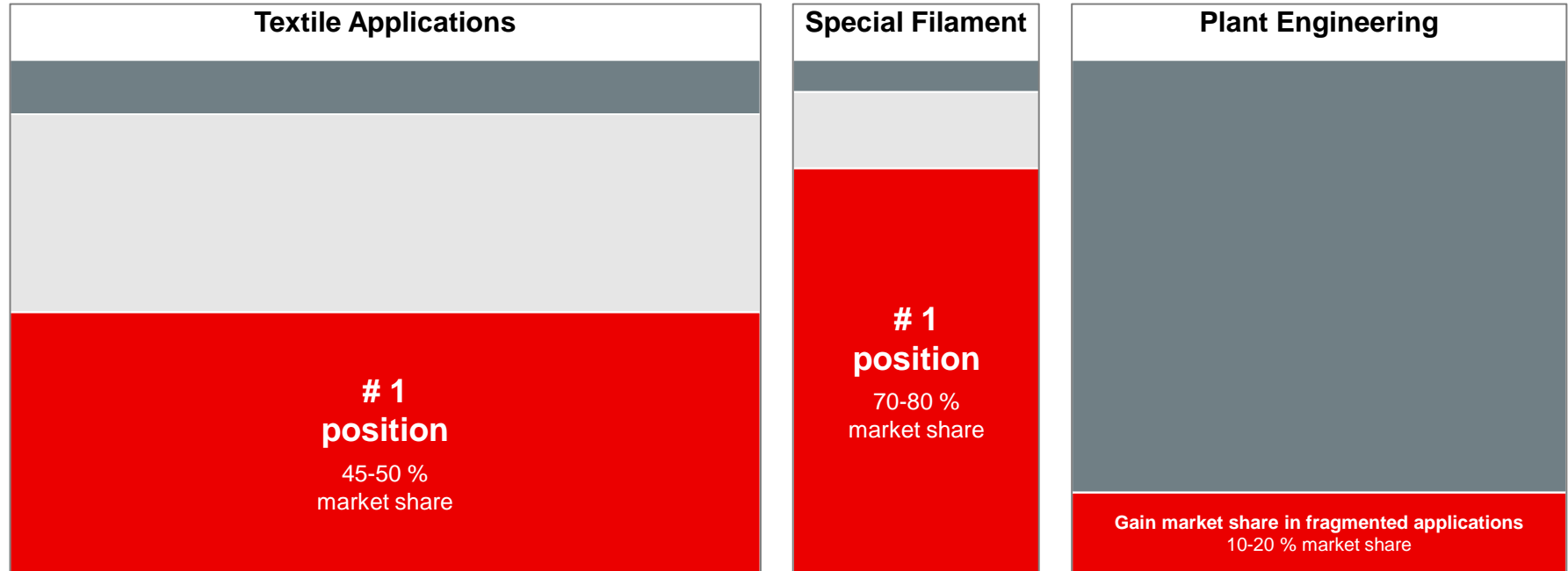
FROM MELT ...

... TO FIBERS



# Competitive landscape

## Market share by application



■ Oerlikon Manmade Fibers   ■ TMT Machinery   ■ Others



# Extend the core business, develop solutions and improve customers services for growth



**Industrie 4.0 / Digitization**



**Products and Engineering (incl. Recycling)**



**Customer Services**



**Automation**



**Corporate Social Responsibility (e-save)**



**Yarn / Material**

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# Oerlikon Group – Key financial figures



in CHF million

| Key financial figures                        | 2019                | 2018              | 2017   | 2016   | 2015    |
|--|---------------------|-------------------|--------|--------|---------|
| Order intake <sup>1</sup>                    | 2'590               | 2'731             | 2'211  | 2'413  | 2'537   |
| Sales (3 <sup>rd</sup> parties) <sup>1</sup> | 2'593               | 2'609             | 2'068  | 2'331  | 2'671   |
| EBITDA margin <sup>1, 2</sup>                | 14.1 % <sup>7</sup> | 15.6 %            | 15.6 % | 14.3 % | 12.7 %  |
| Cash flow from operations <sup>3</sup>       | 322                 | 429               | 404    | 293    | 289     |
| Net working capital                          | 70                  | -79               | 167    | 316    | 391     |
| R&D <sup>1, 6</sup>                          | 122                 | 116               | 95     | 94     | 103     |
| Total equity                                 | 1'769               | 2'021             | 1'989  | 1'840  | 1'572   |
| Net cash <sup>4</sup>                        | 333                 | 398               | 499    | 401    | 79      |
| ROCE   | 7.0 %               | 12.1 %            | 8.2 %  | 5.7 %  | -19.8 % |
| EPS (reported)                               | -0.21               | 0.71              | 0.44   | 1.14   | -1.24   |
| Dividend                                     | 1.00 <sup>5</sup>   | 1.00 <sup>5</sup> | 0.35   | 0.30   | 0.30    |

<sup>1</sup> 2019 continuing operations, 2018, 2017, 2016, 2015 as reported

<sup>2</sup> 2019 includes one-time effects of CHF -25 million (restructuring expenses of CHF -19 million and other expenses of CHF -6 million) and 2015 includes one-time effects of CHF -112 million (restructuring)

<sup>3</sup> Before changes in net current assets

<sup>4</sup> Net cash includes cash and cash equivalents and marketable securities less current and non-current debt

<sup>5</sup> Total dividend of CHF 1.00 consists of stable ordinary dividend of CHF 0.35 and extraordinary dividend of CHF 0.65

<sup>6</sup> Research and development expenditure includes expense recognized as intangible assets

<sup>7</sup> Underlying adjusted EBITDA margin of 15.1 % includes one-time effects of CHF -25 million (see footnote 2)

# Oerlikon Divisions – Key financial figures



in CHF million

| Key financial figures           | 2019                | 2018   | 2017   | 2016   | 2015                |
|---------------------------------|---------------------|--------|--------|--------|---------------------|
| <b>Surface Solutions</b>        |                     |        |        |        |                     |
| Order intake                    | 1'468               | 1'574  | 1'412  | 1'236  | 1'233               |
| Sales (3 <sup>rd</sup> parties) | 1'488               | 1'511  | 1'370  | 1'238  | 1'229               |
| EBITDA margin                   | 15.6 % <sup>1</sup> | 18.6 % | 20.1 % | 22.2 % | 21.4 %              |
| Net operating assets            | 1'771               | 1'584  | 1'519  | 1'372  | 1'325               |
| <b>Manmade Fibers</b>           |                     |        |        |        |                     |
| Order intake                    | 1'122               | 1'157  | 799    | 577    | 733                 |
| Sales (3 <sup>rd</sup> parties) | 1'106               | 1'098  | 698    | 481    | 794                 |
| EBITDA margin                   | 13.0 %              | 11.7 % | 8.0 %  | 3.3 %  | 10.6 % <sup>2</sup> |
| Net operating assets            | 30                  | -59    | 69     | 163    | 225                 |

<sup>1</sup> Including CHF -13 million exceptional expenses; underlying adjusted EBITDA margin of 16.6 %

<sup>2</sup> Incl. one-time restructuring cost (CHF -43 million)

# Net income impacted by non-cash effects<sup>1</sup> from divestment of Drive Systems – tax rate improved

in CHF million

|  | FY 2019       | FY 2018       | Δ                |
|--|---------------|---------------|------------------|
| Order intake   | 2'590         | 2'731         | -5.2 %           |
| Sales  | 2'593         | 2'609         | -0.6 %           |
| EBITDA<br>in % of sales                                  | 366<br>14.1 % | 406<br>15.6 % | 9.9 %            |
| Result before interest and taxes (EBIT)<br>in % of sales | 164<br>6.2 %  | 243<br>9.3 %  | -32.5 %          |
| Financial result   | -15           | -3            | >100 %           |
| Result before taxes (EBT)<br>in % of sales               | 149<br>5.7 %  | 240<br>9.2 %  | -37.9 %          |
| Income taxes<br>in % of EBT                              | -39<br>26.2 % | -68<br>28.3 % | -42.6 %          |
| Result from continuing operations<br>in % of sales       | 110<br>4.2 %  | 173<br>6.6 %  | -36.4 %          |
| Result from discontinued operations                      | -176          | 73            | >100 %           |
| <b>Net income</b>  | <b>-66</b>    | <b>245</b>    | <b>&gt;100 %</b> |

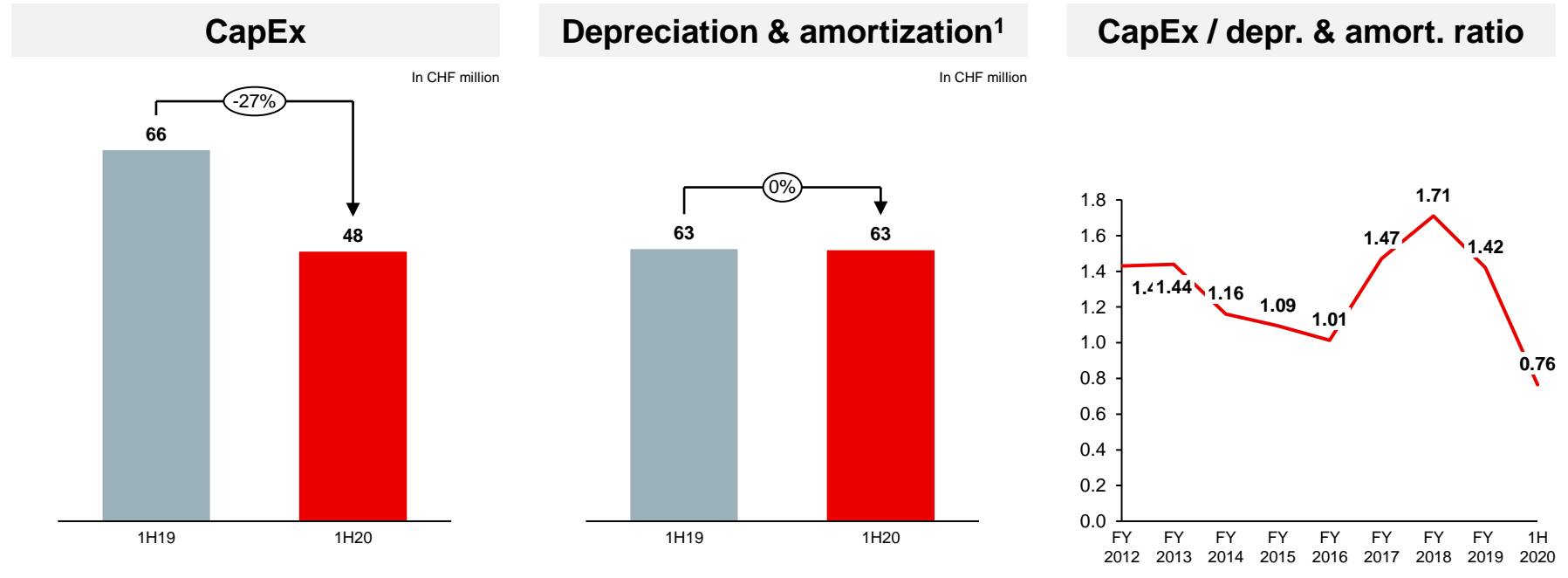
<sup>1</sup> Impacted by reclassification of CHF 284 million (non-cash) cumulative translation differences and other items from other comprehensive income related to the divestment of Drives Systems Division

# Strong unleveraged balance sheet with an equity ratio of 49 %

in CHF million

|   | 2019         | 2018         |
|---|--------------|--------------|
| Cash and cash equivalents                       | 658          | 764          |
| Trade and trade notes receivables               | 309          | 305          |
| Inventories                                     | 338          | 343          |
| Property, plant and equipment                   | 634          | 667          |
| Goodwill and intangible assets                  | 1'117        | 1'139        |
| Assets classified as held for sale              | -            | 866          |
| Total other assets                              | 591          | 461          |
| <b>Total assets</b>                             | <b>3'647</b> | <b>4'545</b> |
| Trade payables                                  | 264          | 277          |
| Current contract liabilities                    | 313          | 450          |
| Non-current lease liabilities                   | 178          | 39           |
| Non-current loans and borrowings                | 154          | 155          |
| Non-current post-employment benefit liabilities | 347          | 329          |
| Liabilities classified as held for sale         | -            | 363          |
| Total other liabilities                         | 622          | 911          |
| <b>Total liabilities</b>                        | <b>1'878</b> | <b>2'524</b> |
| <b>Total equity</b>                             | <b>1'769</b> | <b>2'021</b> |
| Total equity ratio                              | 49 %         | 44 %         |
| Net cash  | 333          | 398          |

# CapEx to depreciation ratio exceeding target corridor for future growth – converging towards corridor to continue

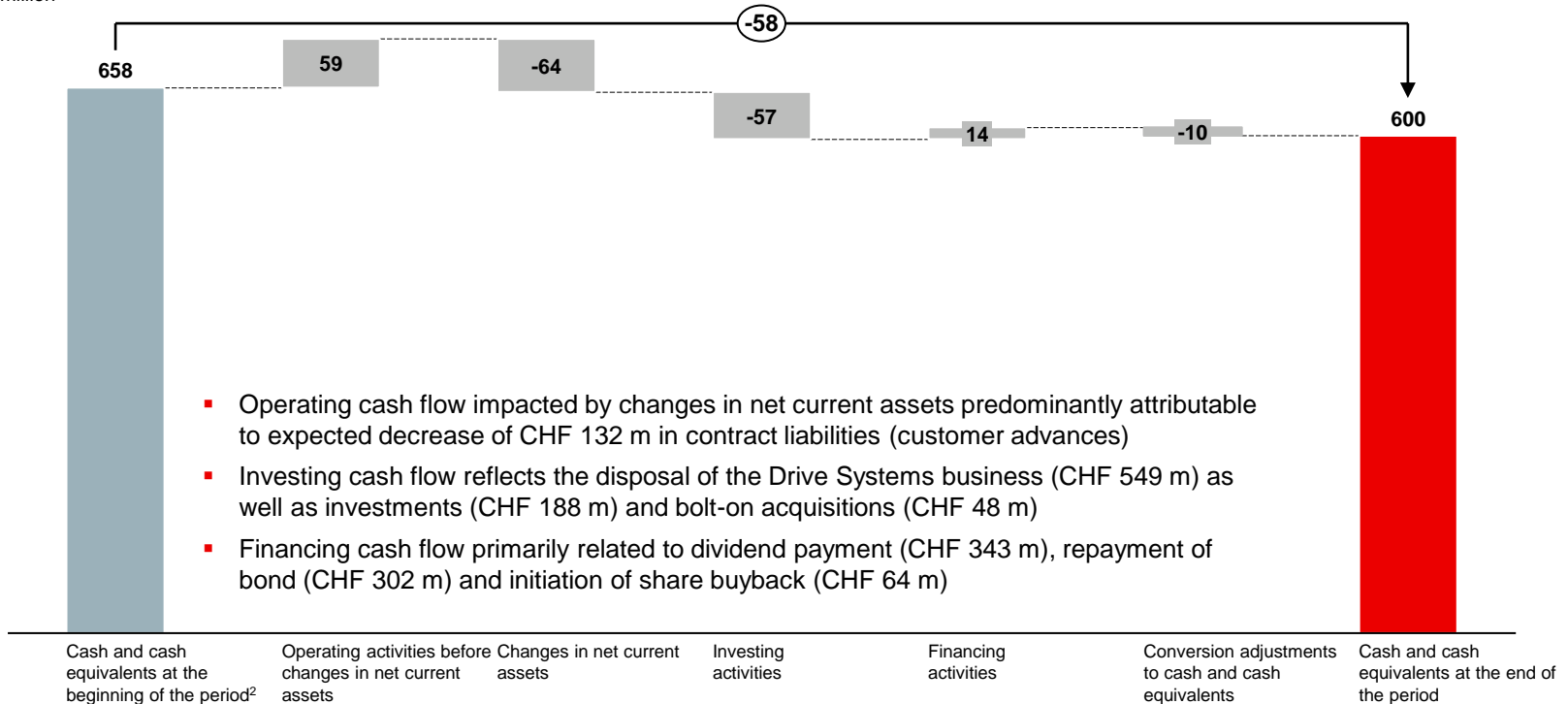


- Surface Solutions Division ratio of 1.34 – investments in capacity / footprint expansion while investments in Additive Manufacturing substantially reduced (CHF 10 m CapEx)
- Manmade Fibers Division ratio of 1.65 as a result of relatively higher capex in 2019 in an asset light business with low level of D&A

<sup>1</sup> Depreciation & amortization excluding amortization of acquired intangible assets and depreciation related to right of use assets under IFRS16 (leasing)

# Consolidated cash flow statement 2019<sup>1</sup>

in CHF million



<sup>1</sup> Includes cash effects from discontinued operations as well as assets and liabilities held for sale

<sup>2</sup> Includes CHF 94 million, which are included in "Assets classified as held for sale" in the balance sheet as of January 1, 2019



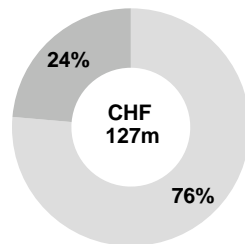
# R&D and CapEx on Division level

## R&D expenses FY 2019

Surface Solutions (7%)

Manmade Fibers (3%)

(% of Division sales)



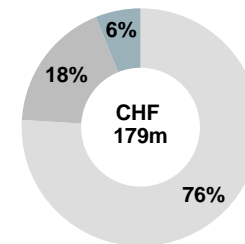
## CapEx FY 2019

Surface Solutions (9%)

Manmade Fibers (3%)

Corporate

(% of Division sales)

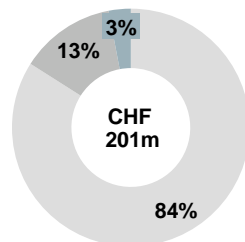


## Depreciation & Amortization FY 2019

Surface Solutions

Manmade Fibers

Corporate



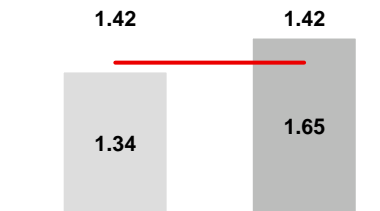
## CapEx / Depr. & Amort. FY 2019<sup>1</sup>

Surface Solutions

Manmade Fibers

Segments

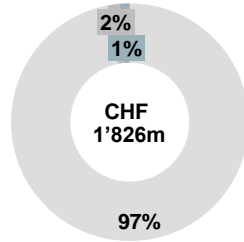
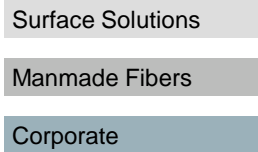
Group average incl. Corporate



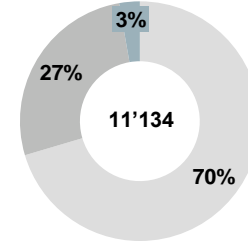
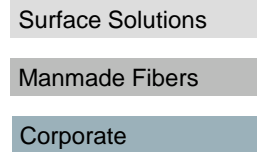
<sup>1</sup> Excluding amortization of acquired intangible assets and depreciation charges related to right of use assets under IFRS16 (leasing)

# Asset allocation and employees on Division level

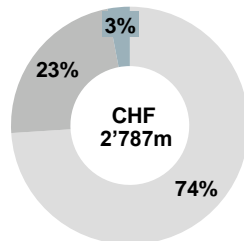
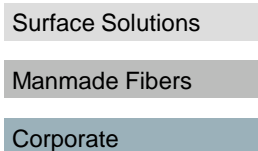
## Net operating assets FY 2019



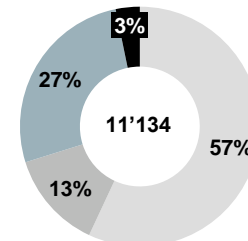
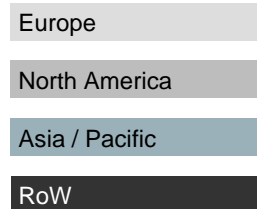
## Employees (FTE) by Division FY 2019



## Operating Assets FY 2019



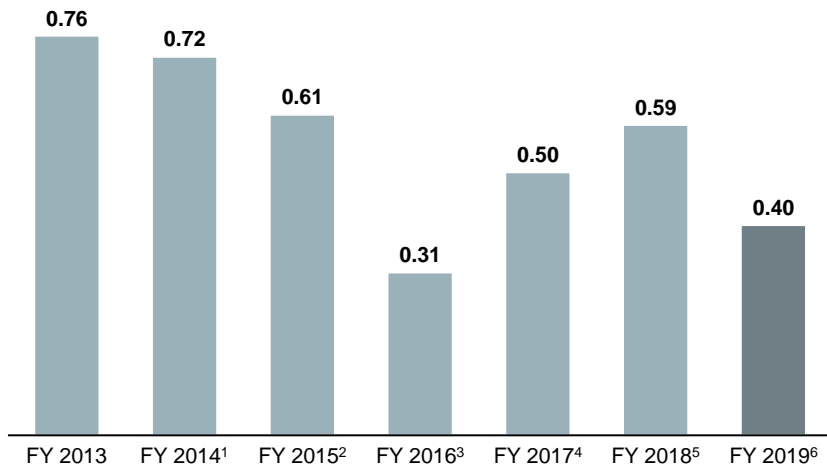
## Employees (FTE) by Region FY 2019



# Attractive dividend of CHF 1.00 per share proposed – ordinary dividend CHF 0.35 + extraordinary dividend CHF 0.65

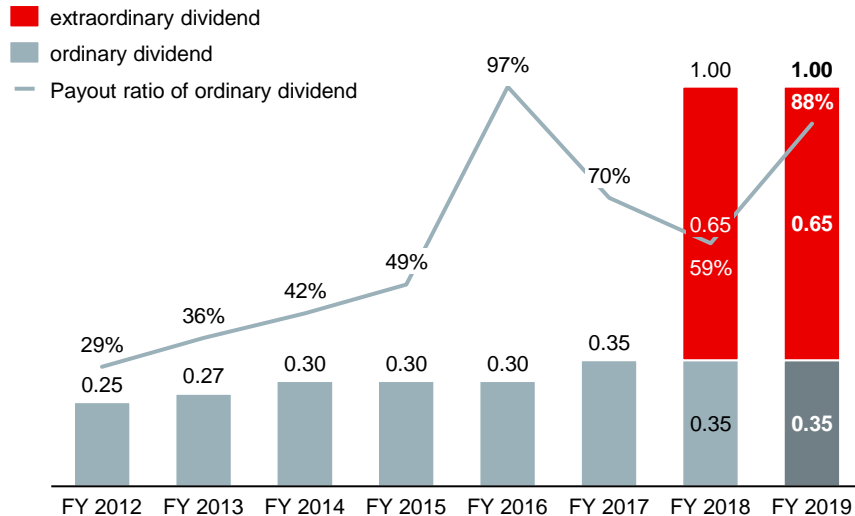
## Underlying EPS

In CHF per share



## Dividend proposal for FY 2019

In CHF per share



- Dividend policy unchanged: Payout proposal based on up to 50 % of underlying net result and beyond after considering the Group's financial position and affordability from the balance sheet

<sup>1</sup> Underlying EPS from continuing operations (reported EPS CHF 0.59);

<sup>2</sup> Underlying EPS from cont. op., normalized for restructuring cost, impairments & amortization of acqu. intangible assets net of tax (reported EPS CHF -1.24);

<sup>3</sup> Underlying EPS from cont. op., normalized for amortization of acqu. intangible assets net of tax (reported EPS CHF 1.14); <sup>4</sup> Underlying EPS from cont. op., normalized for amortization of acqu. intangible assets net of tax (reported EPS CHF 0.44);

<sup>5</sup> Underlying EPS from cont. op., normalized for amortization of acqu. intangible assets net of tax (reported EPS CHF 0.71); <sup>6</sup> Underlying EPS from cont. op., normalized for amortization of acqu. intangible assets net of tax (reported EPS CHF -0.21)

# Prepare Oerlikon for the future – Become more agile and more cost efficient – Targeting significant mid-term benefits

## Market Uncertainties Remain

- All key end markets remain attractive despite currently facing structural or market related challenges
- Geopolitical and trade uncertainties affecting market and regional dynamics
- Speed of adoption / industrializing of Additive Manufacturing
- Potential impact of corona virus on industrial production too early to assess

 **Need to be more nimble to adapt to changing market environments**

## Capital Allocation Strategy Unchanged

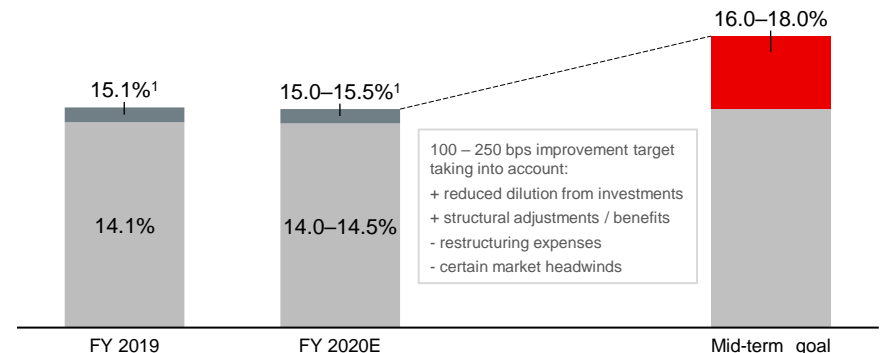
- **Continued return** of capital to shareholders
  - ➔ exceeding CHF 1.1 bn via dividends from 2015 - 2019
  - ➔ share buyback (2019: CHF 64 m)
- **M&A:** Utilize strong balance sheet and net cash position
  - ➔ disciplined and prudent approach towards value creating acquisitions
- **Organic growth:** Continued high level of R&D (>4 % of sales) and CapEx (2019: CHF 179 m; 2020e: ~ CHF 150 m)

 **Continue disciplined allocation approach – Maintaining significant optionality for M&A**

## Position & Invest in the Future

- Initiated Oerlikon Next Level – comprehensive productivity program
  - Consolidate and optimize organizational structure post divestments
  - Maximize business synergies to expand market reach (cross-Business Units and Corporate Center)
  - Simplification and standardization to improve operational efficiency
- Rightsizing of investments to match evolving market dynamics
- Continued and enhanced Operational Excellence initiatives
- Take advantage of technology and application investments going forward

 **Significantly improving structural cost position and rightsizing of investments**



<sup>1</sup> before exceptional items (i.e. restructuring and one-offs)

- 1 Investment Proposition
- 2 Surface Solutions Division
  - 2.1 Attractive End Markets
  - 2.2 Leading Technologies
  - 2.3 Diversified Business Models
  - 2.4 Profitable Growth Drivers
- 3 Manmade Fibers Division
- 4 Financials**
  - 4.1 Group overview
  - 4.2 Latest quarterly results**
- 6 Appendix

## 1 Strong Execution and Positive Market Outlook in Manmade Fibers

- YTD order intake of CHF 770 million ... well positioned for 2021+
- Strong operational performance ... 3Q20 sales of CHF 313 million; on-track for full year
- High demand for nonwoven equipment continues; further opportunities developing beyond face masks

## 2 Surface Solutions End Markets Recovering at Varying Speeds

- Automotive recovering faster than expected; tooling and general industries showing improvement in September; Aerospace declining
- 3Q20 Surface Solutions sales down -24% year-over-year (-20% ex-FX); sales up 7% sequentially with aerospace weighing on the recovery
- Positive trend into September and early October... visibility remains low

## 3 Cost Actions Delivering Results

- Operating expenses reduced by CHF ~165 million for the first 9 months, reflecting operational gearing of 66%
- Structural cost-out program ahead of schedule; Completed >650 of targeted headcount reduction (800+) at the end of 3Q20
- Expected run-rate savings of CHF ~70 million

## 4 Manmade Fibers Outlook Stable; Structural Cost-Out in Surface Solutions Remains Focus

- Manmade Fibers on track to deliver sales above CHF 1 billion with improved margins
- Surface Solutions has varied and uncertain end-market recovery profiles. No guidance provided. Relentless focus on cost programs
- Commitment to medium-term Group EBITDA margins of 16-18%

# Our Priority: Adjust the Structural Cost Base in Order to Return to 16 – 18% Group EBITDA Margin

## Program Elements

- Structural and productivity program kicked off in 2H19 with following focus areas:
  - Group HQ and support function optimization
  - Structural footprint and SG&A rationalization
  - Rightsizing Additive Manufacturing
  - Procurement synergies
- Total estimated annual run-rate savings increased to CHF ~70m
- One-time implementation cost remains CHF ~60 m\*
- Expecting to complete ~90% of headcount reductions (800+ employees) by the end of 4Q20

## Program Breakdown

|                                      | Headcount Reduction | Expected Annualized EBITDA benefit (CHF m) | Progress          |
|--------------------------------------|---------------------|--|-------------------|
| Headquarters and Support Functions   | ~80                 | ~10  | Ahead of schedule |
| Surface Solutions Structural Program | ~600                | ~45  | Ahead of schedule |
| Additive Manufacturing Rightsizing   | ~120                | ~15  | Ahead of schedule |

\*CHF 25m booked in FY19, CHF 30m booked in 9M20, CHF 5m planned for 4Q20

# Varying Strength and Recovery Pattern on Oerlikon's Served Markets

|             | Filament and Nonwoven   | Tooling   | General Industrial  | Automotive   | Aviation  |
|-------------|---|---|---|--|---|
|             | <ul style="list-style-type: none"> <li>Large filament producers confirm expansion plans</li> <li>BCF at low point of cycle</li> <li>Nonwoven market is expanding including demand for meltblown line required for facial masks</li> </ul> | <ul style="list-style-type: none"> <li>Sharp deterioration in industrial production globally, recovering at varying rates</li> <li><b>China, Europe and auto derivative markets already show marked recovery</b></li> </ul> | <ul style="list-style-type: none"> <li>Sharp deterioration in industrial production globally, recovering at varying rates</li> <li>Industrial capex expected to be down 15% YoY</li> <li><b>China already in recovery mode</b></li> </ul> | <ul style="list-style-type: none"> <li>Global production volumes expected to fall YoY</li> <li>Gradual structural change towards EV / hybrid</li> <li><b>Chinese and European production recovering in Q3 at varying speeds</b></li> </ul> | <ul style="list-style-type: none"> <li>COVID-19 create perfect storm for Aerospace industry</li> <li>IATA: 66% passenger traffic decline in 2020; not returning to 2019 levels until 2024</li> <li><b>Travel restrictions reduce passengers since August</b></li> </ul> |
|             | 47 % Group Sales 9M20   | 15% Group Sales 9M20  | 17% Group Sales 9M20  | 13% Group Sales 9M20   | 8% Group Sales 9M20   |
| Market View | Stable  | V-shaped recovery   | V-shaped recovery   | U-shaped recovery  | L-shaped prolonged recovery   |
| 3Q20 Update | Unchanged   | Unchanged   | Unchanged   | Improving  | Weakening   |

**Manmade Fibers Market remains stable; Surface Solutions well placed for recovery in Automotive, Tooling and General Industry markets; Aerospace sees slower recovery**



# Robust Group Performance in Challenging Markets; Strong Cost Control to Improve Profitability



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

**2** Broader and stronger Manmade Fibers Division that continues to deliver above average returns

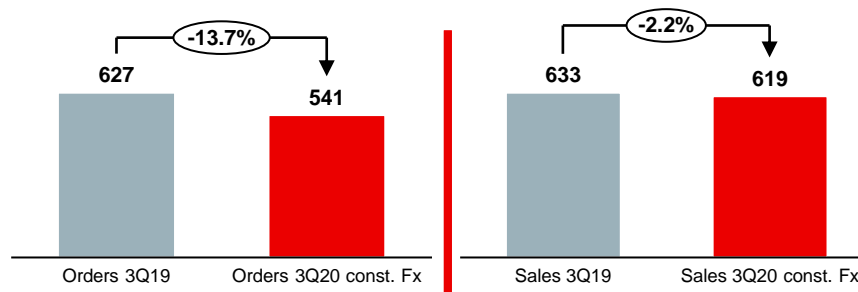
**3** Oerlikon is a reliable and well-capitalized partner for our customers and suppliers; Well-placed to expand market share from a position of strength

# Strong Group Performance; Manmade Fibers on Track and Surface Solutions End-Markets Recovering at Varying Speeds

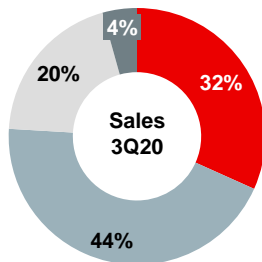
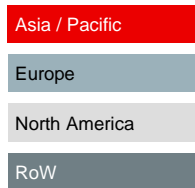
| in CHF million                  | 3Q20  | 3Q19  | y-o-y  | 9M20  | 9M19  | y-o-y  |
|---------------------------------|-------|-------|--------|-------|-------|--------|
| Order intake                    | 518   | 627   | -17.3% | 1 599 | 1 979 | -19.2% |
| Sales (3 <sup>rd</sup> parties) | 593   | 633   | -6.4%  | 1 632 | 1 958 | -16.6% |
| Operational EBITDA              | 92    | 85    | 8.1%   | 209   | 306   | -31.6% |
| In % of sales                   | 15.6% | 13.5% | –      | 12.8% | 15.6% | –      |
| Operational EBIT                | 42    | 38    | 10.9%  | 57    | 159   | -64.3% |
| In % of sales                   | 7.0%  | 5.9%  | –      | 3.5%  | 8.1%  | –      |

- 3Q20 Group orders declined by 17.3% vs. 3Q19 primarily driven by global impact of COVID-19 on end-markets
- Group sales declined by 6.4% vs. 3Q19
  - Surface Solutions down 24.0% year-on-year ... sales grew 7% sequentially ... positive trend in September & October
  - Manmade Fibers sales increased 18.1% vs. 3Q19 ... full-year on track
- Negative FX impact on sales and orders from continuing strengthening of reporting currency CHF
- 3Q20 operational EBITDA of 15.6% increased 210 basis points vs. prior year
  - Surface Solutions cost measures delivering results
  - Manmade Fibers operational EBITDA of 15.4%
- Strong focus on FCF generation: capital investment curtailment and net working capital optimization

## Top-line Development at Constant FX (y-o-y)



# Surface Solutions Division – End-Markets Recovering at Varying Speeds; Cost Actions Delivering Results



## Operational Performance

- Market recovery in September and positive trend into October
- Tight discretionary cost controls and impacts from structural cost-out program leading to operational EBITDA of 14.8%
- Structural cost measures ahead of schedule – over 80% of targeted headcount reduction completed at 3Q20
- Program annualized cost savings target increased to ~CHF 70m

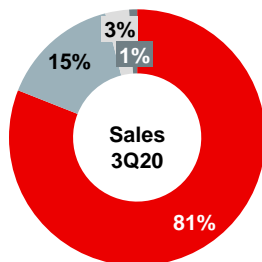
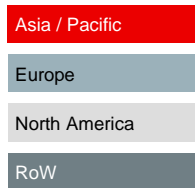
## Market Development

- Markets remain below pre-crisis levels and show varying recovery profiles
- Automotive recovery lead by Asia; Europe improving as automotive OEM's ramp up production
- Tooling market shows sequential recovery in Europe and Asia ... US market remains slow
- Aerospace heavily impacted by COVID pandemic and second wave of travel restrictions has halted the recovery

| in CHF million                  | 3Q20  | 3Q19  | y-o-y  | y-o-y ex FX | 9M20  | 9M19  | y-o-y  | y-o-y ex FX |
|---------------------------------|-------|-------|--------|-------------|-------|-------|--------|-------------|
| Order intake                    | 258   | 350   | -26.4% | -22.5%      | 829   | 1 109 | -25.3% | -21.2%      |
| Sales (3 <sup>rd</sup> parties) | 280   | 369   | -24.0% | -20.0%      | 867   | 1 119 | -22.5% | -18.3%      |
| Operational EBITDA              | 42    | 57    | -26.7% | –           | 101   | 186   | -45.6% | –           |
| In % of sales                   | 14.8% | 15.4% | –      | –           | 11.6% | 16.5% | –      | –           |
| Operational EBIT                | 0     | 17    | -97.7% | –           | - 24  | 62    | <-100% | –           |
| In % of sales                   | 0.1%  | 4.6%  | –      | –           | -2.8% | 5.6%  | –      | –           |

<sup>1</sup>IP = Industrial Production

# Manmade Fibers Division – Another Quarter of Strong and Stable Results; on Track for 2020 Deliveries

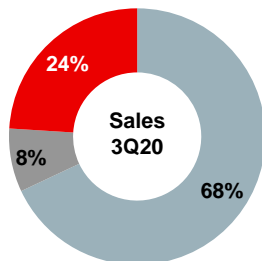
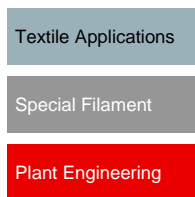


## Operational Performance

- Continued trend of solid order bookings in 3Q20 of CHF 261m ... 9M20 order intake > 750M
- 3Q20 sales of CHF 313m ... on track for full-year target of over CHF 1bn
- Close management of supply chain has avoided disruptions
- 15.4% EBITDA in 3Q20 resulting from cost absorption on higher volumes ... full-year EBITDA margins expected to be 13-14%

## Market Development

- Textile applications (filament / texturing) with continued favorable market conditions
- Strong project pipeline for textile applications resulting in lead times extending into 2023
- Significant enquiries from nonwovens continues, now including the US. Opportunities to cross-sell into other nonwoven applications are increasing
- Special filament, mainly in BCF<sup>1</sup> in Turkey and US at expected low levels



| in CHF million                  | 3Q20  | 3Q19  | y-o-y | y-o-y ex FX | 9M20  | 9M19  | y-o-y  | y-o-y ex FX |
|---------------------------------|-------|-------|-------|-------------|-------|-------|--------|-------------|
| Order intake                    | 261   | 276   | -5.7% | -2.5%       | 770   | 870   | -11.4% | -6.7%       |
| Sales (3 <sup>rd</sup> parties) | 313   | 265   | 18.1% | 22.6%       | 765   | 839   | -8.8%  | -4.0%       |
| Operational EBITDA              | 48    | 28    | 69.0% | –           | 104   | 120   | -13.0% | –           |
| In % of sales                   | 15.4% | 10.7% | –     | –           | 13.6% | 14.3% | –      | –           |
| Operational EBIT                | 40    | 22    | 82.6% | –           | 82    | 100   | -18.4% | –           |
| In % of sales                   | 12.9% | 8.4%  | –     | –           | 10.7% | 12.0% | –      | –           |

<sup>1</sup> Bulked Continuous Filament (Carpet Yarn)

**1**

Manmade Fibers 9M20 order bookings and revenues of over CHF 750m;  
On track for full-year deliveries with strong margins

**2**

Surface Solutions impacted by COVID-19; 3Q20 shows sequential recovery in  
automotive and tooling; visibility remains low

**3**

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

**4**

Cost-out actions are permanent / structural; Remain committed to mid-term 16-18%  
Group EBITDA margin target

# Reconciliation of Profitability Measures 9M 2020

## EBITDA to EBIT Bridges

| in CHF million                       | Group      |            | Surface Solutions |            | Manmade Fibers |            |
|--------------------------------------|------------|------------|-------------------|------------|----------------|------------|
|                                      | 9M 2020    | 9M 2019    | 9M 2020           | 9M 2019    | 9M 2020        | 9M 2019    |
| <b>EBITDA</b>                        | <b>180</b> | <b>299</b> | <b>72</b>         | <b>180</b> | <b>104</b>     | <b>119</b> |
| Depreciation and Impairments         | -102       | -98        | -86               | -83        | -14            | -13        |
| <b>EBITA</b>                         | <b>78</b>  | <b>201</b> | <b>-14</b>        | <b>98</b>  | <b>90</b>      | <b>106</b> |
| Amortization of Acquired Intangibles | -32        | -30        | -28               | -28        | -4             | -2         |
| Other Amortization                   | -26        | -20        | -19               | -14        | -5             | -4         |
| Impairments                          |            |            |                   |            |                |            |
| <b>EBIT</b>                          | <b>20</b>  | <b>151</b> | <b>-61</b>        | <b>56</b>  | <b>82</b>      | <b>100</b> |

## Operational Profitability Reconciliation

| in CHF million            | Group      |            | Surface Solutions |            | Manmade Fibers |            |
|---------------------------|------------|------------|-------------------|------------|----------------|------------|
|                           | 9M 2020    | 9M 2019    | 9M 2020           | 9M 2019    | 9M 2020        | 9M 2019    |
| <b>Operational EBITDA</b> | <b>209</b> | <b>306</b> | <b>101</b>        | <b>186</b> | <b>104</b>     | <b>120</b> |
| Restructuring expenses    | -25        | -3         | -24               | -1         | -0             | --         |
| Discontinued activities   | -5         | -5         | -5                | -4         | --             | -1         |
| <b>EBITDA</b>             | <b>180</b> | <b>299</b> | <b>72</b>         | <b>180</b> | <b>104</b>     | <b>119</b> |

| in CHF million                       | Group     |            | Surface Solutions |           | Manmade Fibers |            |
|--------------------------------------|-----------|------------|-------------------|-----------|----------------|------------|
|                                      | 9M 2020   | 9M 2019    | 9M 2020           | 9M 2019   | 9M 2020        | 9M 2019    |
| <b>Operational EBIT</b>              | <b>57</b> | <b>159</b> | <b>-24</b>        | <b>62</b> | <b>82</b>      | <b>100</b> |
| Restructuring expenses               | -25       | -3         | -24               | -1        | -0             | --         |
| Impairments related to restructuring | -6        | --         | -6                | --        | --             | --         |
| Discontinued activities              | -6        | -6         | -6                | -5        | --             | -1         |
| <b>EBIT</b>                          | <b>20</b> | <b>151</b> | <b>-61</b>        | <b>56</b> | <b>82</b>      | <b>100</b> |

# Reconciliation of Profitability Measures 3Q 2020

## EBITDA to EBIT Bridges

| in CHF million                       | Group     |           | Surface Solutions |           | Manmade Fibers |           |
|--------------------------------------|-----------|-----------|-------------------|-----------|----------------|-----------|
|                                      | 3Q 2020   | 3Q 2019   | 3Q 2020           | 3Q 2019   | 3Q 2020        | 3Q 2019   |
| <b>EBITDA</b>                        | <b>88</b> | <b>84</b> | <b>37</b>         | <b>55</b> | <b>48</b>      | <b>28</b> |
| Depreciation and Impairments         | -34       | -32       | -29               | -27       | -5             | -4        |
| <b>EBITA</b>                         | <b>54</b> | <b>52</b> | <b>8</b>          | <b>29</b> | <b>43</b>      | <b>24</b> |
| Amortization of Acquired Intangibles | -11       | -10       | -9                | -9        | -1             | -1        |
| Other Amortization                   | -7        | -7        | -4                | -5        | -2             | -1        |
| Impairments                          |           |           |                   |           |                |           |
| <b>EBIT</b>                          | <b>36</b> | <b>36</b> | <b>-6</b>         | <b>15</b> | <b>41</b>      | <b>22</b> |

## Operational Profitability Reconciliation

| in CHF million            | Group     |           | Surface Solutions |           | Manmade Fibers |           |
|---------------------------|-----------|-----------|-------------------|-----------|----------------|-----------|
|                           | 3Q 2020   | 3Q 2019   | 3Q 2020           | 3Q 2019   | 3Q 2020        | 3Q 2019   |
| <b>Operational EBITDA</b> | <b>92</b> | <b>85</b> | <b>42</b>         | <b>57</b> | <b>48</b>      | <b>28</b> |
| Restructuring expenses    | -3        | -0        | -3                | -0        | 0              | --        |
| Discontinued activities   | -2        | -1        | -2                | -1        | --             | -0        |
| <b>EBITDA</b>             | <b>88</b> | <b>84</b> | <b>37</b>         | <b>56</b> | <b>48</b>      | <b>28</b> |

| in CHF million                       | Group     |           | Surface Solutions |           | Manmade Fibers |           |
|--------------------------------------|-----------|-----------|-------------------|-----------|----------------|-----------|
|                                      | 3Q 2020   | 3Q 2019   | 3Q 2020           | 3Q 2019   | 3Q 2020        | 3Q 2019   |
| <b>Operational EBIT</b>              | <b>42</b> | <b>38</b> | <b>0</b>          | <b>17</b> | <b>40</b>      | <b>22</b> |
| Restructuring expenses               | -3        | -0        | -3                | -0        | 0              | --        |
| Impairments related to restructuring | -1        | --        | -1                | --        | --             | --        |
| Discontinued activities              | -2        | -2        | -2                | -2        | --             | -0        |
| <b>EBIT</b>                          | <b>36</b> | <b>36</b> | <b>-6</b>         | <b>15</b> | <b>41</b>      | <b>22</b> |

- 1 Investment Proposition
- 2 Surface Solutions Division
  - 2.1 Attractive End Markets
  - 2.2 Leading Technologies
  - 2.3 Diversified Business Models
  - 2.4 Profitable Growth Drivers
- 3 Manmade Fibers Division
- 4 Financials
  - 4.1 Group overview
  - 4.2 Latest quarterly results
- 5 Appendix**



# Aerospace – Making aerospace safer, more powerful and more efficient

## INDUSTRY CHALLENGES

- **Focus on turbine efficiency:** both cost and 2020 emission reduction goals drive the reduction of the specific fuel consumption
- Engine trends: Lighter weight materials have to withstand erosion, corrosion and extreme temperatures (>1500°C)
- Enhanced gas path sealing to increase safety and efficiency with less emissions
- Stringent process and material certification to ensure safety

## SOLUTIONS

- Customized solution of materials and equipment for better performance, greater efficiency and absolute reliability for our customers
- Thermal spray and thin film coatings extend part lifetime and improve efficiency and safety of jet engines
- Thermal barrier coatings on blades and vanes allow for higher temperature in the turbine
- Abradable coatings are used in engines to seal the gas path and improve performance and efficiency
- PVD coatings for wear protection in structure parts and landing gears
- Decorative coatings for cockpit and interior components



16% of FY19 Surface Solutions revenue



Expected growth rate 4-5%

## USP

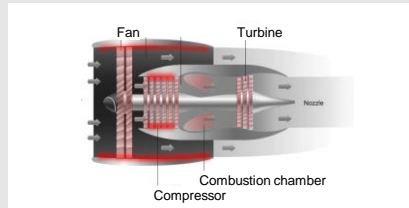
Oerlikon covers all coating needs of the industry - from powder development and application engineering to equipment and process know-how

KEY FACTS

Client needed to increase turbine efficiency while at the same time reducing their service intensity



Using a combination of thermal spray and thin film coating improves performance



Oerlikon delivered materials and equipment for thermal spray and provided coating services



Achievements

5%

overall efficiency increase in engine at improved safety

# Automotive – Advancing productivity, sustainability and profitability in the industry

## INDUSTRY CHALLENGES

- Focus on increasing manufacturing productivity and operating efficiency of cars & reduce environmental impact
- Reduce fuel consumption, emissions and weight
- Engine downsizing (e.g. using less cylinders under higher pressure) causes higher stress on smaller parts
- More corrosion issues from exhaust gas recycling, start-stop systems, turbo-chargers
- Higher torque transmissions with more gears (therefore more synchronizer rings)
- Reducing friction, wear and mechanical losses
- Demand for ecofriendly cars and environmentally friendly solutions (e.g. replacing hexavalent chromium)

## SOLUTIONS

- Delivering solutions and equipment for thin film and thick layer coatings to the whole automotive value chain
- Coatings lead to better performance and durability due to wear protection and reduced corrosion and friction
- Oerlikon technologies permit the use of new and lighter material that reduce weight or friction losses in the engine
- Coatings support the development of new and suitable design parts – the number of car parts coated by Oerlikon increased by a factor of 10 since 2008
- Coatings increase reliability and quality of material such as brake disc coatings to support manufacturers in their effort to increase car safety further while significantly reducing fine dust and fuel consumption



25% of FY19  
Surface Solutions revenue



Expected growth  
rate ~2%

**USP**

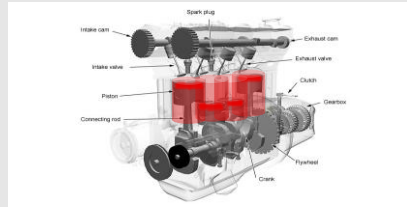
Innovative custom designed solutions and global presence enable reliable operational performance to address our customers needs

**KEY FACTS**

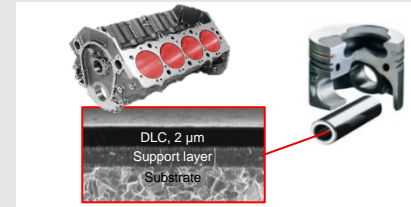
Client needed to increase fuel efficiency of engines due to emission regulation



Using a combination of thermal spray and thin film coating to improve performance



Oerlikon delivered PVD solutions for piston pins and TS SUMEBORE coating for cylinder walls



Achievements

**2-4%**

Reduced fuel  
consumption

**up to  
40%**

Friction  
reduction

# Tooling – Enabling sharper, stronger and more durable tools

## INDUSTRY CHALLENGES

- **Focus on quality, cost and overall factory output of any product**
- **Productivity:** increasing tool throughput and solving production bottlenecks
- **Durability:** reduced service cycles, enhanced corrosion and adhesion protection
- **Performance:** better production reliability, higher temperatures, higher speed and quality of output
- **Environmental challenges** – i.e. dry machining, REACH compliance

## SOLUTIONS

- Delivering over 35 different thin film coatings extend service life, lower manufacturing costs and increase production reliability of tools at enhanced corrosion and adhesion protection
- Joint solution development with customers – special coatings to withstand extremely high temperatures, erosion, oxidation and other harmful effects or to lower friction and wear
- Productivity gains by achieving extremely fast cutting speeds at high temperatures
- Lower tool costs due to significantly prolonged tool service life



**29%** of FY19  
Surface Solutions revenue



Expected growth  
rate **~3%**

**USP**

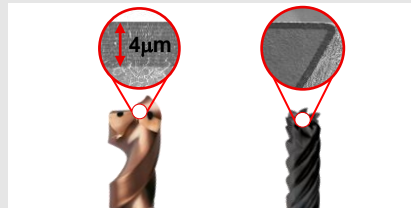
Technological and market leadership with global availability of solutions enable unique full service performance in terms of quality, process stability, delivery time and consistency

KEY FACTS

Client needed to increase tool efficiency while at the same time extend replacement cycle



Using a thin film coating to improve performance – reduce friction and wear, increase removal rates



Oerlikon provided coating services by a global network for leading tool manufacturers



Achievements

**2.5x**

increased  
drilling speed

**~67%**

tool lifetime  
extension

# Power Generation – Empowering the way to effectively generate energy

## INDUSTRY CHALLENGES

- **Focus on increased efficiency** to improve client's cost curve position
- Maintenance interval reduction in gas turbines, hydropower and oil & gas
- Oil & gas applications in challenging environments require maintenance free solutions
- Corrosion and erosion cause efficiency losses

## SOLUTIONS

- Delivering highly productive and reliable customized solution of coatings, materials and equipment for gas and steam, hydro and wind turbines and oil & gas applications
- With Oerlikon products that reduce distortion and wear, turbines last longer and perform more efficiently and reliably
- Thin film and thick layer solutions protect against abrasive wear, erosion, corrosion, fatigue, high fluid pressure, vibrations, jar impact loads, extreme torque and many more



5% of FY19  
Surface Solutions revenue



Expected growth  
rate ~2-3%

## USP

Oerlikon offers all required coating solutions and is the strongest European manufacturer of cooling paths in blades and vanes

KEY FACTS

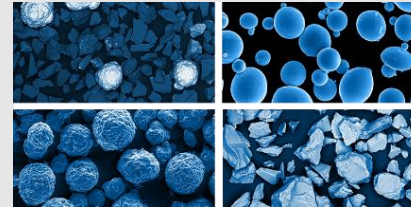
Client needed to increase turbine efficiency while increase time between overhaul & reduce emission



Using thermal barrier coatings (hot section) and thin film coatings (erosion)



Oerlikon delivered materials and equipment for thermal spray and provided coating services



Achievements

2%

overall efficiency increase  
at a 530MW gas turbine

# General Industry – Enable industries to build more powerful, complex and efficient products

## INDUSTRY CHALLENGES

- **Consumer Goods:** Providing design, reliability and scratch-resistance for product differentiation. Coatings of watches to washing machines, of consumer electronics to sanitary fittings improve their performance, quality and service and make their production more efficient
- **Medical:** Medical coatings include antimicrobial functionality to ensure fast wound healing, bio-compatibility to support the integration of an implant into the bone or non-reflection of surgical instruments
- **Pulp/Paper & Print:** Coatings applied to anilox rolls or corrugating rolls for the paper industry significantly extend the useful life of the rolls
- **Steel & Metal processing:** Components used in the production and processing of steel/metals need to resist the high temperature and corrosive effects of molten and hot metals.
- **Food/packaging:** hygiene, productivity and reliability are critical for FMCG clients. Coatings help maintain hygiene, reduce wear, extend the service life or improve manufacturing process for food processing, plastic film and foils, labelling, bottling, paper production and more
- **Engineering:** Coatings minimize friction, wear corrosion and enhance the reliability of instrument panels, air vents, batteries, semiconductors, agricultural machinery, construction equipment to printing industry
- **The growth potential for Oerlikon's technologies is broad and diverse as there is hardly any industry where Oerlikon technologies can not add value**



25% of FY19  
Surface Solutions revenue

USP

Dedicated competences to define customized surface solutions via a global network



KEY FACTS

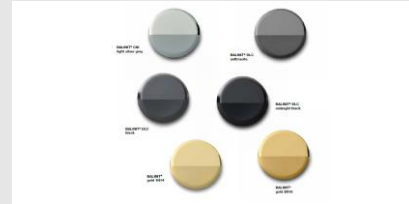
Clients need abrasion- and scratch-resistance to housing and to enhance the look of exterior parts



Using amorphous carbon coatings protect the watch parts from wear and corrosion and adding colors in-fashion



Oerlikon provided coating services throughout a global network for leading watch manufacturers



Achievements

Coatings can prolong the service life by a factor of

up to 50

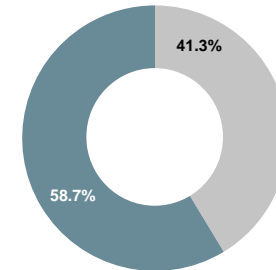
## Oerlikon shares

- 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 structure<sup>1</sup>

Liwet Holding AG

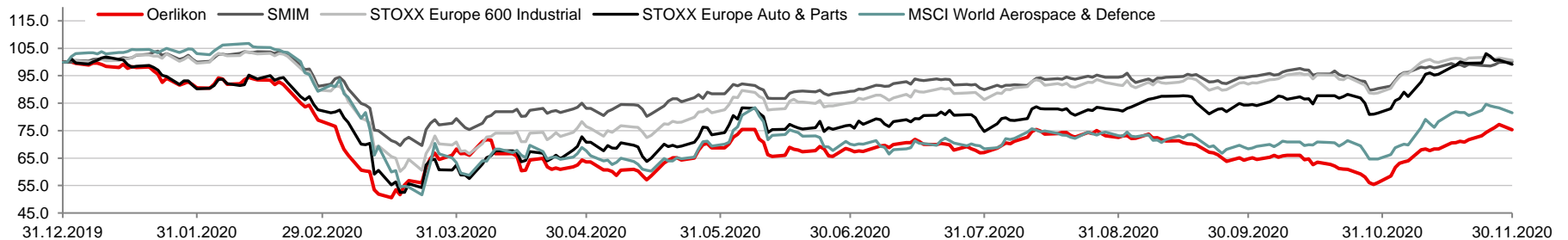
Others (incl. 4.0 % treasury shares)



as of December 1, 2020

## Oerlikon share price development

as of November 30, 2020, indexed; 100 percent = closing price per December 31, 2019



<sup>1</sup> Based on latest notifications by Liwet (as of May 25, 2018 of 140 484 860 shares) and BlackRock (as of August 14, 2019 of 9 826 322 voting rights)

# Coverage – 7 Buy / Add – 3 Hold / Neutral – 1 Reduce / Sell

| Broker              | Analyst            | Recommendation | Date of last update | Target price |
|---------------------|--------------------|----------------|---------------------|--------------|
| AlphaValue          | Kulwinder Rajpal   | Add            | 03/11/2020          | 9.17         |
| Baader Helvea       | Christian Obst     | Reduce         | 01/07/2020          | 7.00         |
| Credit Suisse       | Patrick Laager     | Neutral        | 01/09/2020          | 9.20         |
| Deutsche Bank       | Uwe Schupp         | Buy            | 05/08/2020          | 10.00        |
| Kepler Cheuvreux    | Torsten Sauter     | Buy            | 25/11/2020          | 9.50         |
| MainFirst           | Christian Arnold   | Hold           | 31/08/2020          | 8.50         |
| Octavian            | Alessandro Foletti | Buy            | 03/11/2020          | 10.00        |
| RBC Capital Markets | Sebastian Künne    | Outperform     | 06/08/2020          | 8.70         |
| UBS                 | Sebastian Vogel    | Buy            | 06/11/2020          | 10.60        |
| Vontobel            | Michael Foeth      | Buy            | 06/08/2020          | 9.10         |
| ZKB                 | Armin Rechberger   | Marketweight   | 07/08/2020          | 8.57         |
| <b>Consensus</b>    |                    |                |                     | <b>9.12</b>  |

# Financial Calendar 2020/21

|                         |   |
|-------------------------|---|
| <b>March 2, 2021</b>    | Q4 / FY 2020 results<br>- Media & Analyst Conference      |
| <b>April 13, 2021</b>   | Annual General Meeting of Shareholders                    |
| <b>May 4, 2021</b>      | Q1 2021 results<br>- Media & Analyst Conference Call      |
| <b>August 3, 2021</b>   | Q2 / HY 2021 results<br>- Media & Analyst Conference Call |
| <b>November 3, 2021</b> | Q3 / 9M 2021 results<br>- Media & Analyst Conference Call |



# Board of Directors



**Prof. Dr. Michael Süss**

**Chairman**

1963, German citizen

**Prof. Dr. Michael Süss** was elected to the Board of Directors and as Chairman of the Board at the 2015 Annual General Meeting. From 2015 to 2016, Prof. Dr. Süss held the position of CEO at Georgsmarienhütte Holding, a traditional German steel company. Prior to that, he was a member of the Managing Board of Siemens AG and CEO of the Siemens Energy Sector.



**Gerhard Pegam**

**Vice Chairman**

1962, Austrian citizen

**Gerhard Pegam** was elected to the Board of Directors at the 2010 Annual General Meeting. In 2012, he founded his own consulting firm. From June 2011 until June 2012, he was a Corporate Officer of TDK Corporation, Japan. From 2001 until 2012, he was CEO of EPCOS AG, Germany, and from 2009 until 2012, he additionally served as a board member of TDKEPC Corp., the parent company of EPCOS AG.



**Dr. Suzanne Thoma**

1962, Swiss citizen

**Dr. Suzanne Thoma** was elected to the Board of Directors at the 2019 Annual General Meeting. She is currently Chief Executive Officer of BKW Ltd., an international energy and infrastructure service company. She brings with her over 20 years of experience in leadership roles in the energy, automotive and chemical industries.



**Geoffery Merszei**

1951, Canadian citizen

**Geoffery Merszei** was elected to the Board of Directors at the 2017 Annual General Meeting. He is Chairman and Chief Executive of Zolenz AG, an investment and advisory firm based in Zug, Switzerland. He brings with him over 40 years of experience in corporate governance and finance.



**Irina Matveeva**

1973, Russian citizen

**Irina Matveeva** was elected to the Board of Directors at the 2020 Annual General Meeting of Shareholders. She is the Chief Financial Officer of AO Complex-Prom in Moscow, Russia. Prior to that, Mrs. Matveeva was General Director at LLC OLCOR M and served from 2010 to 2018 as Financial Director of the Renova Group.



**Alexey V. Moskov**

1971, Cypriot and Russian citizen

**Alexey V. Moskov** was elected to the Board of Directors at the 2016 Annual General Meeting. In 2004, he was appointed Chief Operating Officer of Witel AG (former Renova Management AG), Zurich, Switzerland. Prior to Witel AG, he served on the Board of Directors of OAO NGK Slavneft and worked in diverse managerial positions at Tyumen Oil Company TNK-BP.



**Paul Adams**

1961, US citizen

**Paul Adams** was elected to the Board of Directors at the 2019 Annual General Meeting. He served from 2016 to 2018 as Chief Operating Officer of Precision Castparts Corp. From 2014 to 2016, he was President of Pratt & Whitney, a world leader in the design, manufacture and service of aircraft engines and auxiliary power units. He brings with him over 30 years of leadership experience in the aviation industry.



**Dr. Roland Fischer**  
Chief Executive Officer

**Dr. Roland Fischer** (German citizen) was appointed Chief Executive Officer of Oerlikon Group, effective March 1, 2016.

Prior to Oerlikon, Dr. Fischer held senior management positions at Siemens AG, the most recent as CEO of the Power and Gas Division from 2013 to 2015. Between 2011 and 2012, he served as CEO of the Fossil Power Generation Division, and from 2008 to 2011, he was CEO of the Business Unit Fossil Power Generation – Products, Siemens, Germany. Dr. Roland Fischer graduated from the University of Stuttgart, Germany, with a degree in Aeronautical Engineering, and holds a PhD (Dr.-Ing.) in Aeronautical Engineering from the University of Karlsruhe, Germany.



**Philipp Müller**  
Chief Financial Officer

**Philipp Müller** (German citizen) was appointed Chief Financial Officer effective January 1, 2020.

Mr. Müller has more than 15 years of financial and strategic experience across multiple industries. Most recently, he led the investor relations functions at Baker Hughes in Houston, Texas, U.S. Prior to that, he served as CFO of GE's oil & gas drilling business from 2014 to 2016. Previously, Mr. Müller held various financial leadership positions in GE's industrial businesses. Prior to that, he spent five years on GE's corporate audit staff, where he advanced to executive audit manager at GE Healthcare. Mr. Müller has extensive international experience, having worked in over ten countries during his career. He holds a Master's degree in Business from the University of Mannheim, Germany.



**Dr. Helmut Rudigier**  
Chief Technology Officer

**Dr. Helmut Rudigier** (Austrian citizen) was appointed CTO of the Oerlikon Group, effective November 1, 2017.

Dr. Rudigier joined Oerlikon Balzers in 1986 as R&D Project Manager. Since then, he has built his career within Oerlikon in diverse research and management roles, including Manager R&D Balzers Thin Films, Manager Production Site Balzers, Manager R&D Division Optics, Business Development Telecommunication (fiber optics), CTO Oerlikon Balzers, and most recently as the CTO of the Surface Solutions Division. Dr. Rudigier holds a PhD from the Institute of Solid State Physics at the ETH Zurich, Switzerland, and has completed executive management programs at the University of California, Los Angeles, USA, and at IMD Lausanne, Switzerland.



**Anna Ryzhova**  
Chief HR Officer

**Anna Ryzhova** (Russian citizen) was appointed Chief Human Resources Officer of the Oerlikon Group, effective October 10, 2016.

Ms. Ryzhova has over 15 years of experience in leading HR functions. Most recently, Anna Ryzhova was Chief Human Resources Officer at Renova Management AG, Zurich, Switzerland. From 2010 to 2015, she served as HR and Corporate Relations Director at the Renova Group Corporate Center in Moscow, Russia. Anna Ryzhova holds a Master's degree in Economics from the National Research University Higher School of Economics in Moscow and an Executive MBA from IMD, Lausanne, Switzerland.



## **Kerstin Flötner**

Head of Corporate Communications, Investor Relations & Marketing

Phone: +41-58-360-9668

E-mail: [ir@oerlikon.com](mailto:ir@oerlikon.com)



## **Peter Dickson**

Senior Investor Relations Manager

Phone: +41-58-360-9639

E-mail: [ir@oerlikon.com](mailto:ir@oerlikon.com)

## **OC Oerlikon Management AG, Pfäffikon**

Churerstrasse 120

CH – 8808 Pfäffikon SZ

Switzerland

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