

Oerlikon Investor Presentation

June 2021



Oerlikon is a Market Leading Industrial Technology Group

Delivering Sustainable Innovation for Key Industries

oerlikon

#1 in High Potential Markets

- Surface Solutions offers value added services with high barriers to entry
- Polymer Processing Solutions is #1 supplier to several attractive niche markets
- Leading Swiss and German technology in our DNA

~55%^a Sales in Surface Solutions

- Technology and market leader
- High structural growth opportunities
- Operational improvement programs to boost profitability & capital efficiency

~45%^a Sales in Polymer Processing Solutions

- Technology and market leader
- Polymer processing know-how provides structural growth and diversifies the Division
- Highly profitable and cash generative



Strong Financial Base

- Low net-debt position and cash generative
- Target to deliver 16 – 18% operational EBITDA in the medium term
- ROCE to target double-digit levels in the medium term



Disciplined Capital Allocation

- CHF ~900 m returned to shareholders since 2016
- Delivering value enhancing M&A with 18 acquisitions made since 2016
- Focus on accretive small- to mid-sized M&A with retained capability for transformational deals

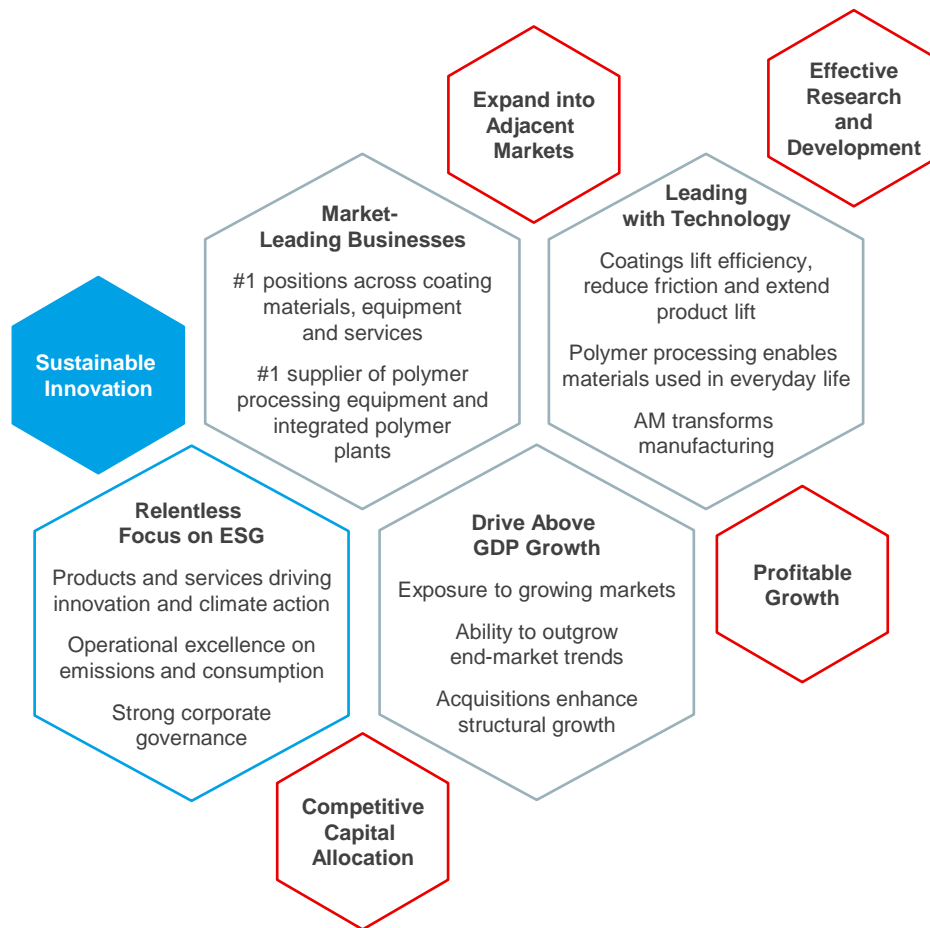


Driving ESG and Sustainability

- Reducing environmental impact is at the heart of our technology portfolio
- Committed to ESG and the UN sustainable development goals
- Ambitious 2030 performance targets

► **Strong growth driven by sustainability megatrends with value creation opportunities**

**Sustainably
outgrowing
markets,
generating
above peer
group returns**

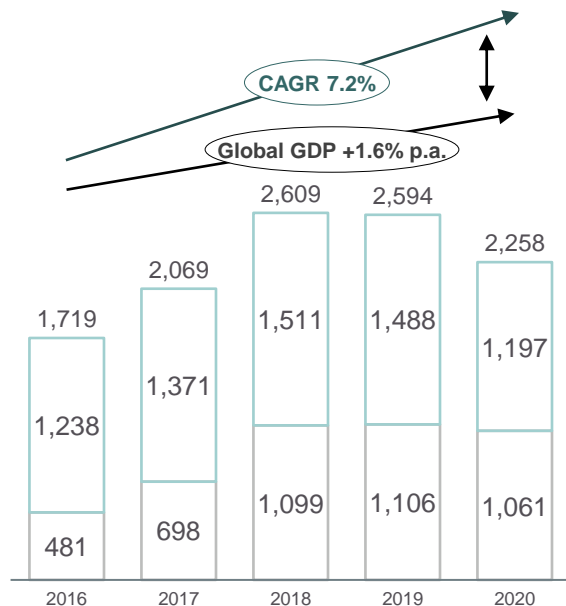


Oerlikon is a Globally Leading Swiss Industrial Technology Company



Group Sales

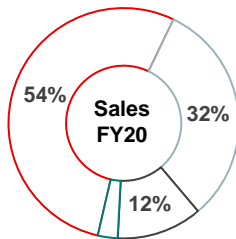
- Surface Solutions
- Polymer Processing Solutions



Source: Bloomberg, IMF WEO for FY20 growth
Group growth CAGR excluding FX effects 8.3%

Sales by Region

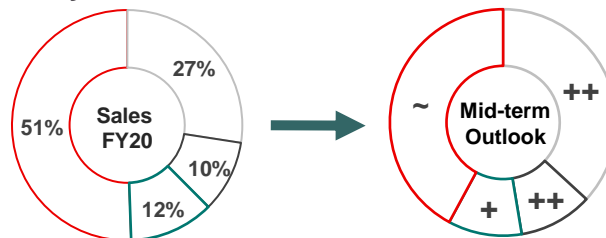
- Asia / Pacific
- Europe
- North America



Oerlikon Business Model

- Equipment
- Coating & AM Service
- Components / Other Service
- Materials

Today



Value Catalysts

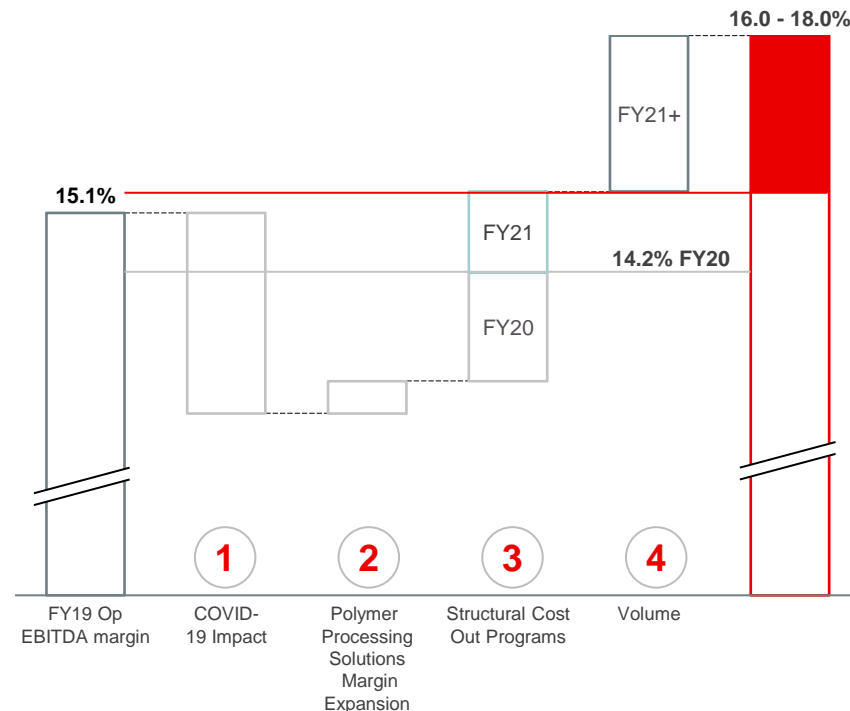
- Structural growth driven by leading technologies and attractive key markets
- Productivity programs drive structural profitability enhancement and higher cash generation potential
- Highly profitable and cash generative assets
- Disciplined capital allocation through M&A and shareholder returns

Priority: Return Group Op. EBITDA Margin to 16 – 18%^{a,b}

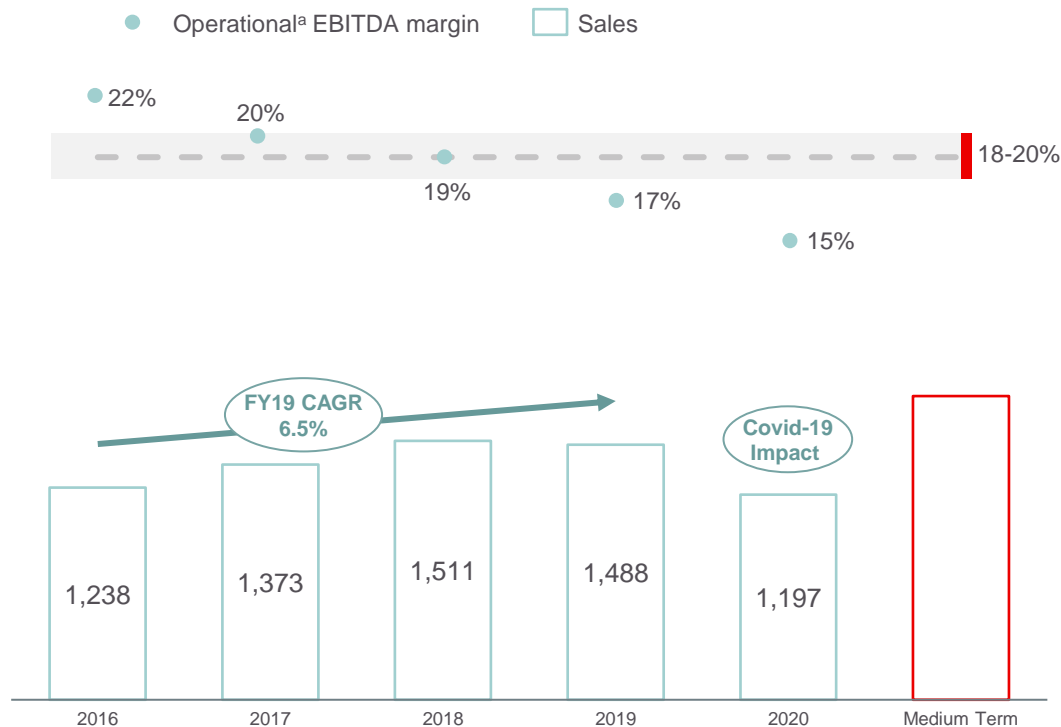
Margin Recovery Profile

1. Surface Solutions financials impacted by COVID-19 pandemic with FY20 sales down ~20% (~15% with constant FX)
2. Polymer Processing Solutions benefits from higher utilization and better mix
3. Restructuring program deepened and accelerated in 2020:
 - a) Permanent run-rate EBITDA savings CHF ~70 m
 - b) One-time implementation cost of CHF ~60 m booked in FY19/20
 - c) Headcount reduction target of >800 HCs
 - d) Program addresses fixed fulfilment costs and SG&A
4. Cost focus will reduce SG&A intensity as Surface Solutions markets recover

Operational Leverage at Lower Sales



Surface Solutions Delivers Profitable Structural Growth



Source: Bloomberg, IMF WEO for 1.6% global growth to FY20
Surface Solutions FY20 growth CAGR excluding FX effects 0.6%

#1 in Coatings, Materials and Service

- Technical advantage with pricing power
- Solution provider with high value add
- Largest global service network

Technology Leadership

- Coatings: thin-film and thermal spray
- Surface treatments: i.e. nitriding
- Additive manufacturing

Structural Growth Above GDP

- Track record of substantial structural growth
- 16% CAGR from 2009, 6% since Metco
- Driven by end-market growth and innovation
- Enhanced by M&A
- Target medium-term double-digit RONA

ESG

- Environmentally friendly technology
- Regulatory driven technology adoption

Sustainable Innovation Driving Growth Across Complete Surface Technologies Portfolio

aerlikon

Cross pollination of business models and unique technology portfolio

Service



- Largest service center network globally with local focus
- Broadest product and service offering across surface technologies and additive manufacturing
- Increased efficiency with scaled-up sites
- Strong application engineering competences

~6%

FY 16 – 19
CAGR

++

Long-term Growth
Potential

Equipment



- Next generation coating platforms developed
- Significant installed base of coating machines with strong spares and service offering
- Supporting next generation advanced manufacturing
- Digital transformation

~12%

FY 16 – 19
CAGR

+

Long-term Growth
Potential

Materials



- Broad portfolio of materials from thermal spray to additive manufacturing
- Investment in next generation atomizers
- Software-driven development of new materials
- Materials optimized with experience in service and equipment

~11%

FY 16 – 19
CAGR

+

Long-term Growth
Potential

Components & Other



- Coated components extend the addressable market
- One-stop-shop for system integrators
- Well placed for outsourcing trends from customers

~(3)%

FY 16 – 19
CAGR

+

Long-term Growth
Potential

Enhancing Oerlikon's growth profile and driving diversification

Coeurdor overview

- Coeurdor is a leading **manufacturer of metalware for the luxury fashion industry**, with a focus on surface treatment and product design / engineering
- The company is one of the few players in this segment to offer PVD technology in Europe, which is a fast-growing technology for metal parts in the luxury segment driven by durability and decorative properties
- Customers include leading luxury brands producing leather goods, such as leather bags and belts, as well as pens, jewelry and watches

Size

- Headquartered in France, Coeurdor has production facilities in Italy and Portugal
- **>220 employees**
- No financial details disclosed; consolidation as of June

Strategic rationale

- Acquisition provides access to annual **mid to high-single digit % market growth** of luxury goods
- Acquisition **expands offering** and **foothold** of Surface Solutions Division in the luxury goods industry
- Coeurdor benefiting from Surface Solutions' technology leadership and global footprint

Coeurdor to Accelerate Oerlikon's High-End Deco Growth: Oerlikon to Bring Greener Solutions to Luxury Goods



- 1** Oerlikon is already **present in High End Decorative (HED)** applications, especially pens, watches and consumer electronics utilizing core PVD technology



- 2** Coeurdor acquisition **expands capabilities and adds luxury goods** end market to the portfolio



Extension of HED capability:

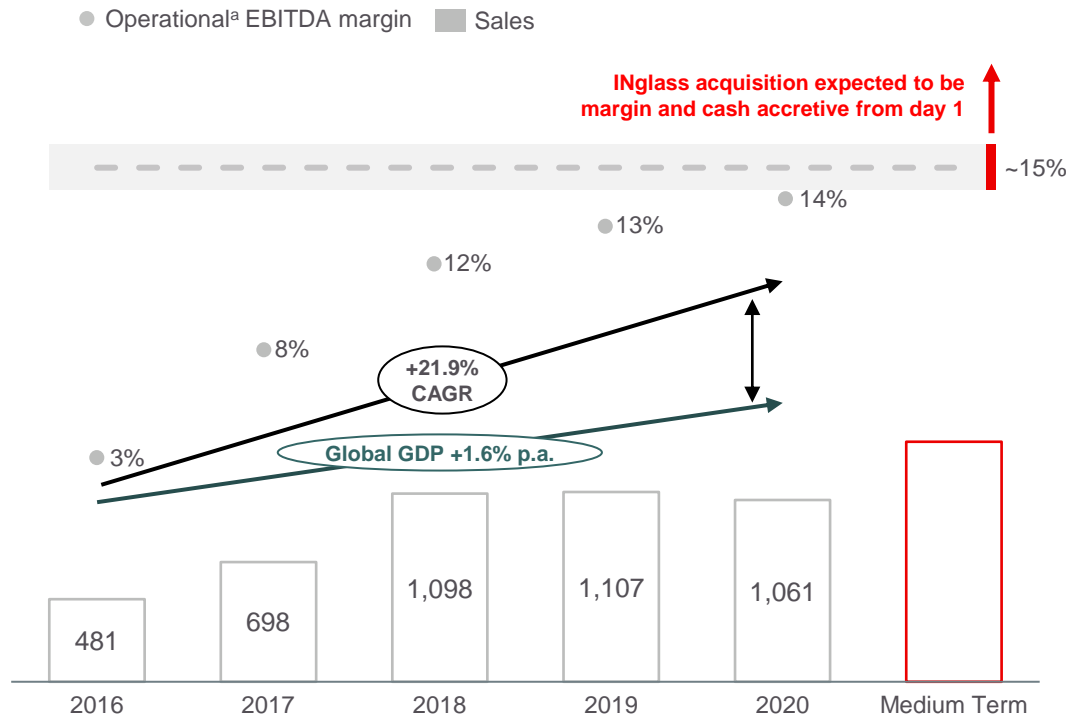
- Luxury goods market for metal ware used with leather goods and jewelry / bijoux, in addition to watches
- Addition of adjacent coating capabilities in galvanization
- Design expertise and customer intimacy

- 3** Combination of Oerlikon and Coeurdor to **accelerate luxury goods industry shift to PVD as a greener technology**



- Oerlikon as the leading PVD player can help accelerate the adoption of more sustainable technology with more durability
- PVD is one of the most sustainable surface coating processes with targets, hydrogen, electricity and non-reactive gases such as nitrogen and argon; no harmful gasses or chemicals are created
- PVD is an energy intensive process, but is increasingly powered by electricity from sustainable sources
- Galvanization and PVD are complementary technologies, often only working together on a stainless-steel substrate

Polymer Processing Solutions Will Continue to Deliver High Returns Combined with Growth



Source: Bloomberg, IMF WEO
Polymer Processing FY20 growth CAGR excluding FX effects 22.9%

#1 Market Position

- Polymer processing technology leadership
- Trusted long-term supplier
- Diversified polymer processing applications

Cash Redeployment

- Highly cash generative with over CHF 1.5 bn Op FCF over past 10 years
- Ability to redeploy capital to enhance M&A growth in Precision Polymer Solutions

Transformed Business

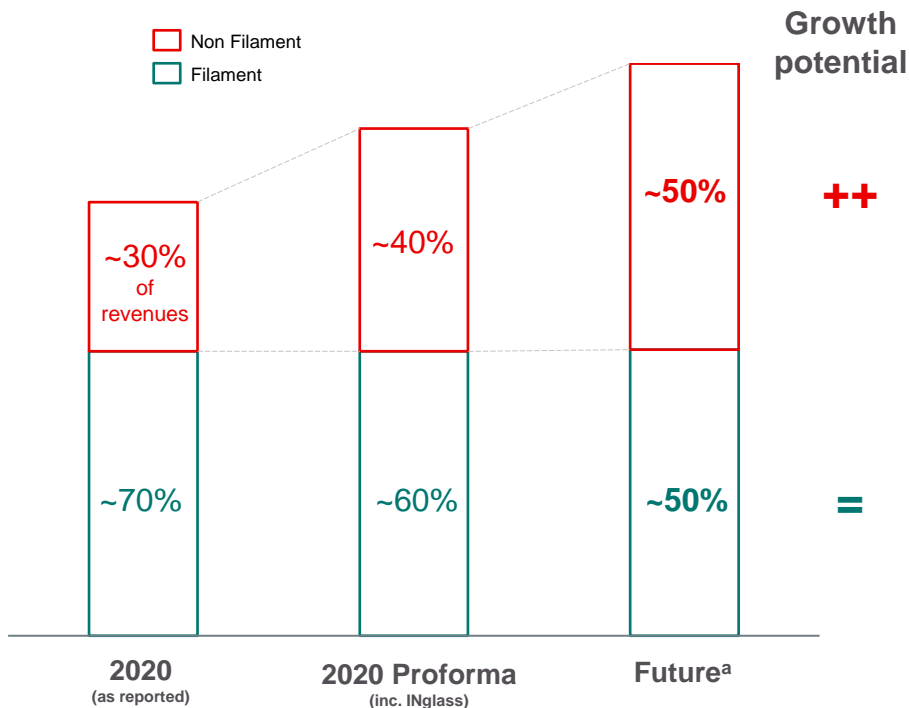
- Successful business with stable and profitable base in filament market
- Ongoing diversification and growth in nonwoven, automation and aftermarket
- Polymer flow control (inc. INglass) offers growth, diversification and higher profitability

ESG

- Positioned to drive climate & energy and water savings through efficiency gains
- Biopolymers will drive the circular economy

Transforming Manmade Fibers into a Market-Leading Polymer Processing Business

Transformation into Polymer Processing Solutions



Transformation Catalysts

Transforming Manmade Fibers into Polymer Processing Solutions

- Lower reliance on filament market where growth is slower
- Closer alignment to wider polymer market growing at 1.5x Global GDP across different market sectors

Acquisition of INglass is a key strategic milestone

- Accelerates development of Flow Control business
- Substantially extends Flow Control IP and product portfolio

Polymer Process Solutions division has significant growth potential outside Filament^c market

- Nonwoven market of CHF ~0.4 billion growing at +8% p.a.^b
- Other non-filament market of CHF ~1 billion growing at 3-4% p.a.^b
- INglass HRS addressable market of CHF ~0.5 billion growing at +4% p.a.^b
- Additional adjacent HRS market (e.g. med-tech, pharma, bottles and packaging) of CHF ~2 billion growing at +5% p.a.^b

Continued alignment with sustainability megatrends... including weight reduction, recycling and water preservation

^aSee cautionary note on forward-looking statements on the slide "Disclaimer"

^bMarket size and growth estimates based on Company estimates

^cFilament market of CHF ~2.0 bn based on Company estimates

Enhances growth profile, aids diversification and creates significant value

INglass Overview

- Innovation, technology and market leader in precision polymer flow control with strong intellectual property
- Hot runner systems (HRS) are key to process and control molten polymers before being injected into molds for production of light-weight high-end components
- INglass' HRS are applied in multiple industries from automotive, consumer goods and household appliances to packaging, waste management, construction and transportation
- INglass is based in Italy with 3 global production sites and 52 additional service centres. 1'000+ employees worldwide

Financial Parameters

- INglass 2020 revenues were approximately CHF 135 million
- Transaction to be highly cash- and margin-accretive to Oerlikon from day 1
- Highly synergistic deal driven by complementary technology & shared market access points

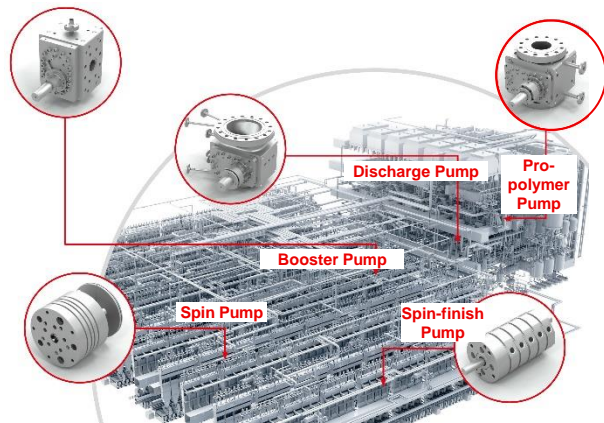
Key Impacts

- Expands Division's strategic optionality in the polymer processing market. Significantly accelerates diversification
- INglass benefits from megatrends around future mobility, lightweight parts, functional sensors and high grade polymers
- High single-digit organic growth potential for precision flow control solutions

Execution

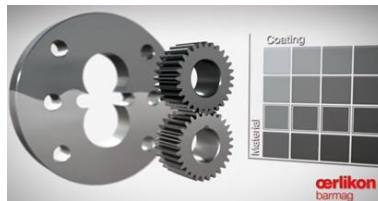
- Manmade Fibers Division renamed to Polymer Processing Solutions
- Completion subject to customary merger control clearances with anticipated completion at end of 1H21
- Management team to stay on board, incentivized by additional earn-out linked to growth potential

The INglass Product Portfolio is a Perfect Fit with our Existing Polymer Flow Control Solutions



1 Oerlikon has almost 100 years of **flow control know-how** across the value chain, in particular, in gear pumps

2 INglass acquisition **expands product portfolio** of precision polymer flow control equipment



Consistent product portfolio characteristics:

- Precise thermal control
- Pressure management
- Uninterrupted flow
- Use of surface technology key to flow control performance

3 INglass **extends addressable market** of applications into polymer-based parts with its innovative Hot Runner Systems (HRS)



- HRS in automotive growing at 4%+ p.a. driven by lightweight parts and sustainability trends
- Adjacent markets for HRS represent a further CHF 2 billion market opportunity, growing above GDP
- Division peers considered to be Hillenbrand, Barnes, Nordson and Dover Corp

Leading Industrial Technology Group with Ability to Deliver Sustainable Structural Growth Enhanced by Megatrends

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Sustainability and growth megatrends served

Climate Change Energy Transition



Help customers meet their **greenhouse gas and energy reduction** objectives

Circular Economy Sustainability



Enable **efficiency, life-time extension and potential to recycle**

Water Preservation



Sustainable products that **consume less water**

Digitalization



More sensors, data & interfaces require functional products

E-mobility & Lightweight Parts



Decrease carbon footprint via lower weight, lighter materials

1 Leading technology driven by significant investment in sustainable innovation

2 Strong coverage of growing industrial markets with natural diversification

3 Well placed to accelerate global sustainability and the transition to a green economy at a customer level

Our Positive Sustainability Impact Exponentially Exceeds the Cost of our Footprint

In aerospace alone our products reduce CO2 emissions >160x our Group operational total

CUSTOMER VALUE PROPOSITION



180x
Tool Lifetime
Extension



2-4%
Reduced Fuel
consumption



50%
Energy Savings
in Polymers



5%
Efficiency
Increase

WE HELP OUR CUSTOMERS TO REACH THEIR GOALS



More circular with less
waste & less energy use



Use less energy and
enable future mobility



Use less energy and
waste less materials



Use less fuel and emit
lower emissions

QUANTIFIED CO2 EMISSION REDUCTION

**25'600¹
kts CO₂**

Of CO2 emission
reduction
per annum due
to 5% efficiency
gains in aero
engines using
Oerlikon's coatings

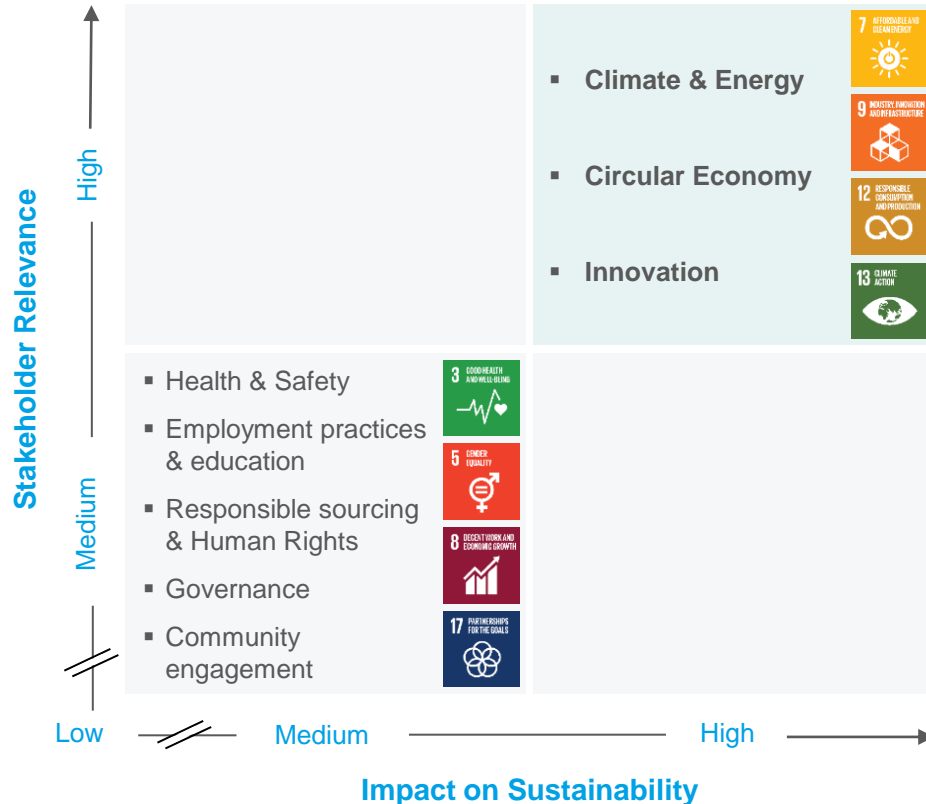
GROUP CO2 EMISSIONS

**158² kts
of CO₂**
emitted by Oerlikon

160x
Group CO2 emissions to quantified
reduction ratio

Oerlikon Publishes First Sustainability Report

Compliant with GRI Core Standards

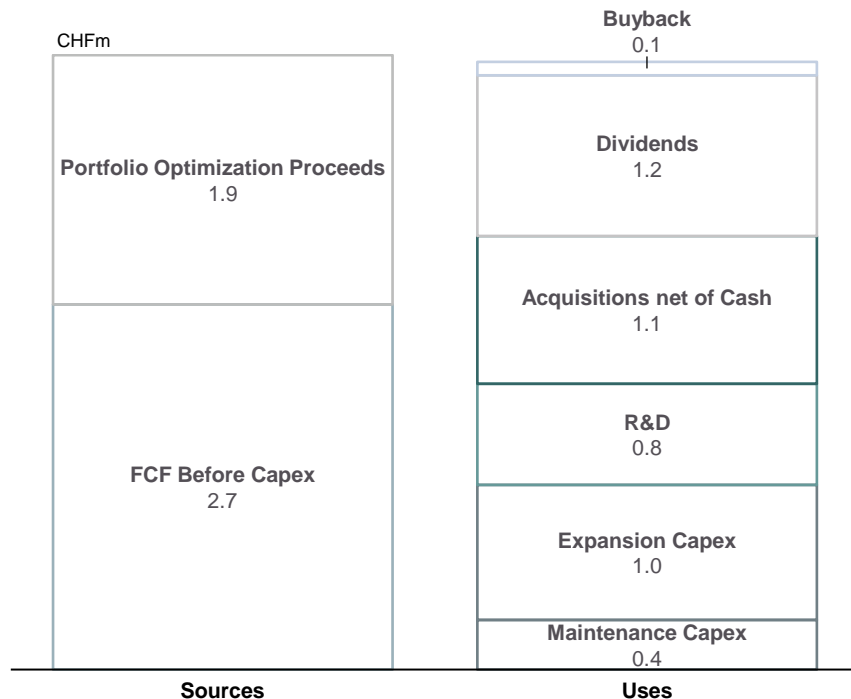


Oerlikon Sustainability Targets By 2030

- Implement energy management systems at 100% of sites
- Increasing share of energy from renewable sources to 100%
- Increasing share of operations that are climate neutral to 100%
- Reducing share of disposed waste by 50%
- 100% of R&D investment in new products must cover ESG criteria
- Increasing the percentage of women in management and leadership roles to 20%
- Increasing the percentage of women in high potential talent programs to 30%
- Ensuring Zero Harm to People
- Increasing the percentage of employees who have completed the compliance and code of conduct training to >50%

Disciplined Capital Allocation is a Critical Success Factor for Oerlikon ... Organic and Inorganic

Capital Allocation From FY13 – 20



¹ Dividends paid from 2014-2020 relating to previous year.

² Dividends include those funded by acquisitions including Vacuum

³ Acquisitions net of cash acquired, also includes divestment at end 2012

Future Capital Allocation Priorities

- 1 Continue to pay stable or progressive ordinary dividend
- 2 Opportunistically buyback shares
- 3 Disciplined organic investment
 - Re-investment ratio below 1 until 2025
 - Focused R&D to drive sustainable structural growth
- 4 Expand via M&A
 - Value accretive sweet spot in small and medium acquisitions
 - Retain financial capability for larger transformational deals

Oerlikon's Executive Incentive Compensation is Aligned to Shareholder Returns



Short-Term Incentives



Revenue Growth



EBIT



Operating Free Cash Flow



RONA

Long-Term Incentives



ROCE target above cost of capital and above historical peer returns as main performance measure

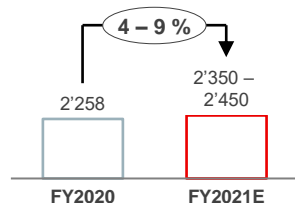
2021 Business Outlook^a

Forward-looking statements assume continued and stable global recovery from COVID-19 pandemic

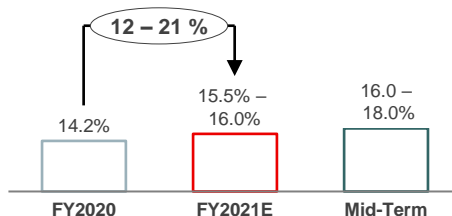


Sales

Group



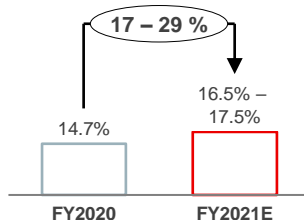
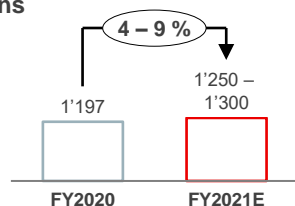
Operational^b EBITDA margin %



Assumptions

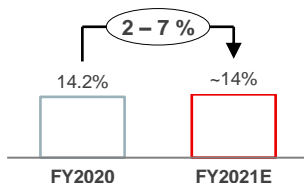
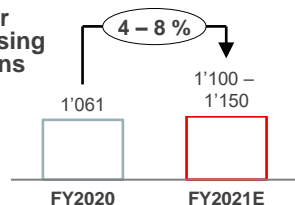
- Expecting continued improvement of COVID-19 situation & market improvements throughout 2021
- Order intake and sales expected to recover as markets improve from COVID-19 pandemic restrictions
- Op. EBITDA margin in excess of 2019 levels on lower sales
- Sustained lower CapEx of CHF ~120m into 2021

Surface Solutions



- Order intake and sales expected to benefit from continued recovery from COVID-19 lows, longer-cycle business lines (i.e. equipment) will take longer
- Automotive, Tooling and GI recovery continues, Aerospace to remain at low levels
- Dilution of Additive Manufacturing services expected to drop to ~150 bps as a result of cost actions
- Continuing to reduce SG&A intensity

Polymer Processing Solutions



- Order intake of CHF ~1.1 bn due to ongoing strong project pipeline in filament and nonwoven
- Sales increase on prior year as service activity recovers, continued strength in filament, nonwoven
- Expecting stable margins for 2021

1

Deliver sales growth as Surface Solutions Division end-markets recover.
Position both Divisions for structural growth

2

Return the Group to the operational
EBITDA corridor of 16 – 18%^{a,b}

3

Deliver double-digit ROCE...
medium-term re-investment ratio below 1

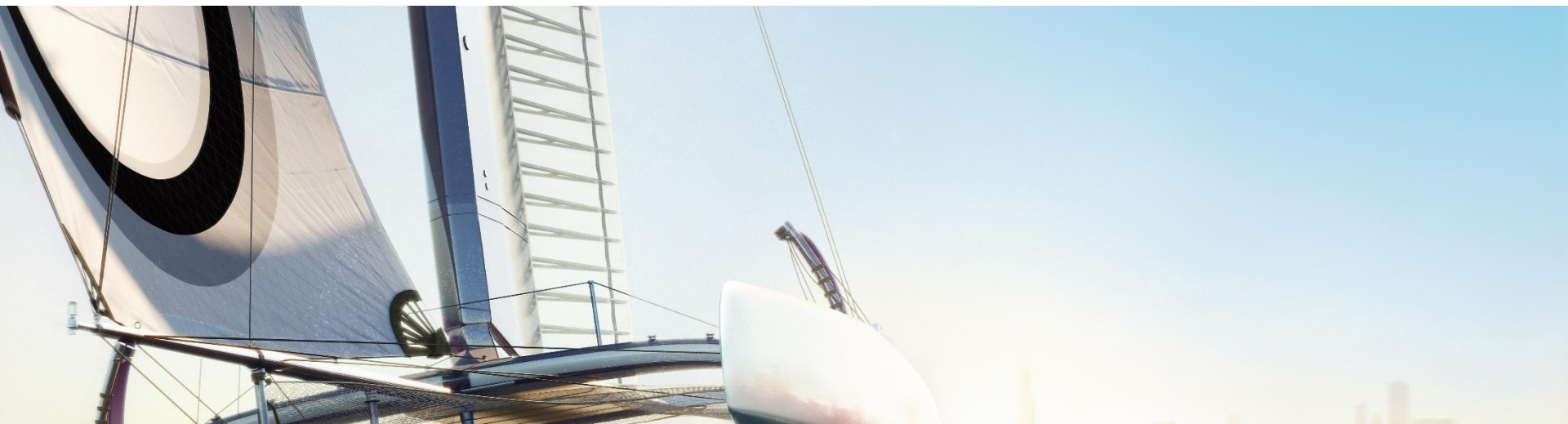
4

Focus on accretive small- to mid-sized M&A for both Divisions...
retain capability for transformational deals

5

Continue to pay a stable or progressive dividend

Appendix



Oerlikon Group Overview



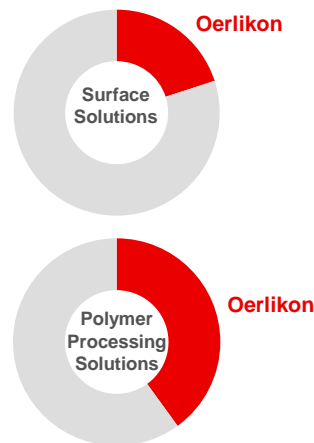
Market coverage

- Swiss industrial **technology leader** delivering **sustainable innovation** for key industries
- Surface Solutions (53% of sales)** offers coating materials, equipment and services to enhance surfaces of industrial products; complemented by additive manufacturing solutions
- Polymer Processing Solutions (47% of sales)** engineers systems/components used for polymer processing, such as manmade fiber production plants and flow control equipment
- Diversified** in terms of geographies, industries, customers (>30k OEM and tier 1) and GDP sensitivity of end markets
- Listed on SIX with around **CHF 3.5bn market cap¹⁾** (~55% free float) and >11k employees

Diversified Swiss industrial technology leader



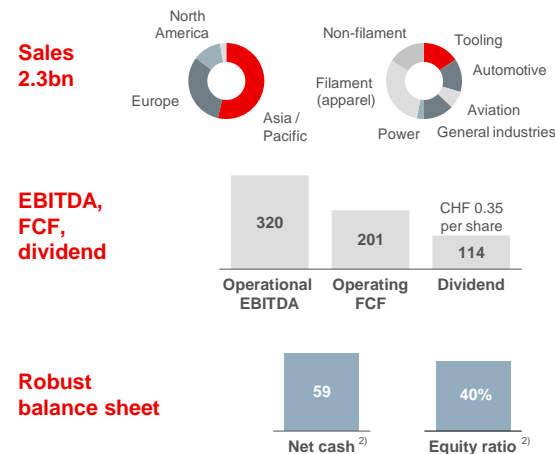
Market share



Leading market share



Financials 2020



Solid financials

1) As of 4 June 2021; 2) Values as of YE'20, i.e. before acquisition of INglass and Coeudor in H1'21
Unless otherwise stated all figures in CHF m; Polymer Processing Solutions market share refers to Filament; Surface Solutions market share based on addressable markets

Surface Solutions Division Overview

53% of group sales

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Materials



Equipment



Services

(coating / treatment /
printing for customers)



Components & others

Enhancing metal, plastic and other surfaces

- **Broad and innovative offering** with surface solutions enabling >20 surface properties; components and coating materials, equipment and services based on extensive material and process competences; supported by strong brands
- **Based on leading technologies** including thin film (PVD, PACVD, CVD), thermal spray, nitriding and laser cladding; >1k engineers and >5k patents ¹⁾
- **For a wide range of applications:** Cutting tools, pumps, engines, consumer goods, medical devices, semiconductors, etc.
- **Ecological & economical benefits** for customers: Coatings extend product life, lift efficiency, control friction/corrosion/wear, and improve production reliability and product safety; Oerlikon assists customers with regulatory driven technology adoption (CO2 & energy reduction)
- **Global network** of >150 coating centers: Proximity to customers and response time is key; pick-up and return within 1-2 days
- **Market leader** with ~20% average market share in addressable markets; competitors in addressable markets include Praxair Surface Technologies (Linde), Ionbond (IHI), Eifeler (Voestalpine), Tocalo, and H.C. Starck (Höganäs)

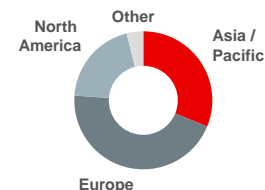
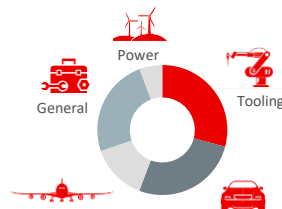
Pioneering additive manufacturing

- **Broad offering** for additive manufacturing
- Materials for 3D printing, engineering services, and printing of parts

Diversified end markets

>30k customers

- OEM and tier 1: BMW, GE, Alstom, Siemens, BOSCH, SKF, ...
- Top 10: ~17% of sales



Geographic and end-market sales split based on FY'20, not including Coeurdon proforma; 1) on Oerlikon Group level

Polymer Processing Solutions Division Overview

47% of group sales

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Systems & plants



Components



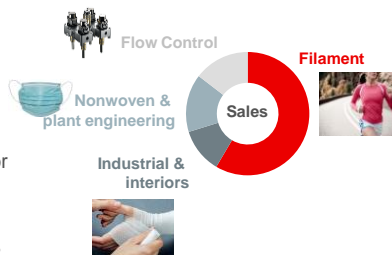
Engineering services

Leading supplier of systems and components used in polymer processing

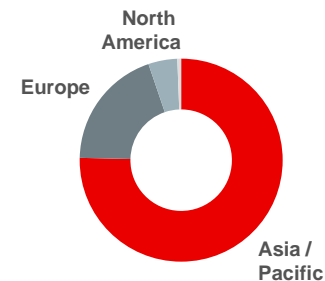
- **Broad integrated offering:** Spinning systems, texturing machines, nonwoven plants, digital factory solutions, process automation, gear-metering pumps, hot-runner systems
- **Leading technology** with 8 production sites in Asia, 6 in Europe and 2 in the Americas
- **Ecological and economical benefits** for customers: efficiency gains leading to energy and water savings; leading quality consistence; downtime minimization; space-saving machine design; catering weight reduction trend in flow control
- Manmade fibers outgrow natural fibers: consumer friendly functions (e.g. stretch, waterproof), better availability, lower resource intensity
- Competitors include TMT Machinery (filament), China Hi-Tech Group (filament, staple fiber, nonwoven), Reifenhäuser (nonwoven), Dover, Nordson, Hillenbrand, Yudo, Husky, Pomtava (all flow control)

Ongoing sales diversification into non-filament

- **Filament:** Machines to produce manmade fibers used in apparel; ~40% market share
- **Industrial & interiors:** Machines to produce manmade fibers used in carpets (BCF), safety belts, bandage, geotextiles, sails
- **Nonwoven & plant engineering:** Machines for nonwoven (face masks, wipes), polymerization plants and systems to produce staple fibers
- **Flow control** solutions i.e. hot-runner systems and high precision gear pumps used in polymer processing for a wide range of industries



Clients mainly present in Asia



- Oerlikon supplies 22 of the top 25 manmade fiber manufacturers in filament
- Filament customers include Hengyi, Xinfengming, Tongkun and Shenghong
- Diversified customer base in non-filament

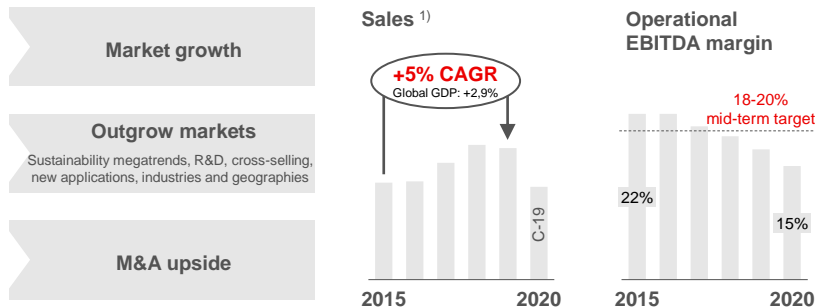


Surface Solutions
(53%)

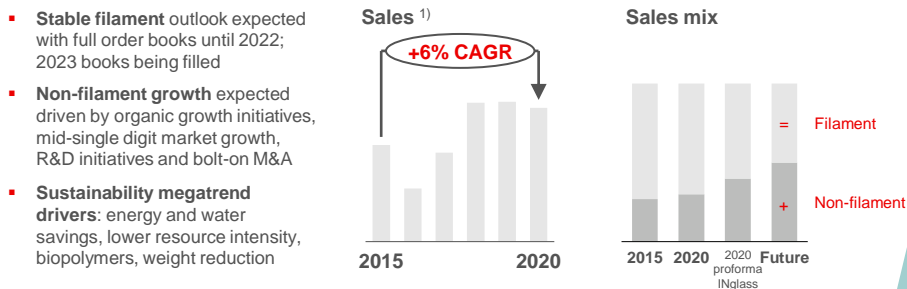


Polymer Processing Solutions
(47%)

Sustainable sales growth and margin upside



Growth supported by diversification into non-filament



Cost containment & capital efficiency focus



- Sales CAGR15-19: +6% ¹⁾
- EBITDA margin target of 16-18% vs. 14% in 2020
- Double digit ROCE target vs. ø 9.5% reached in 18/19

¹⁾ CAGR is FX adj. and total excludes the Drive Systems Segment which was divested in 2019; operational EBITDA margin and ROCE targets are mid-term

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