

# **Investor Presentation**

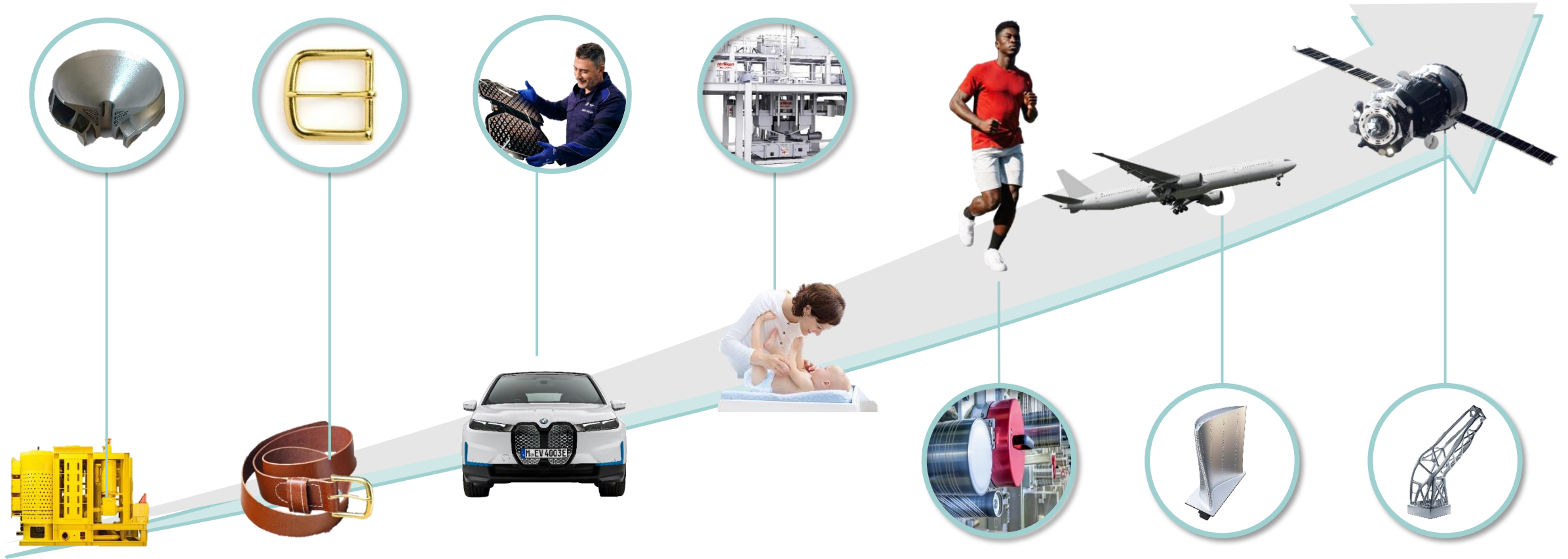
---

August 2023

# There is not a single day without Oerlikon

**oerlikon**

**... to outer space**



**From the bottom of the ocean ...**

# Industrial technology leader in sweet spots with entry barriers



Cutting-edge technology

## Surface Solutions (48% of sales)

Integrated coating solutions based on broad technology portfolio

## Polymer Processing Solutions (52%)

Equipment to process polymers used in filament and non-filament

#1

Market leader in coating solutions and Filament

>30k

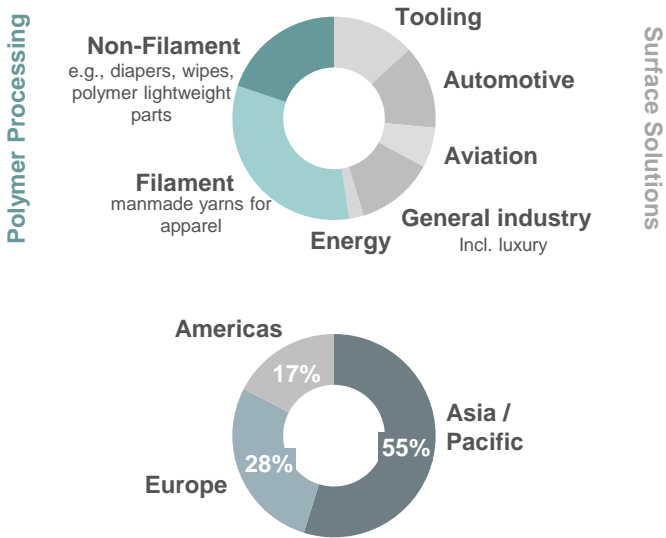
Customers incl. OEM & tier 1

Market leader in sweet spots with technology entry barriers



Broad market coverage

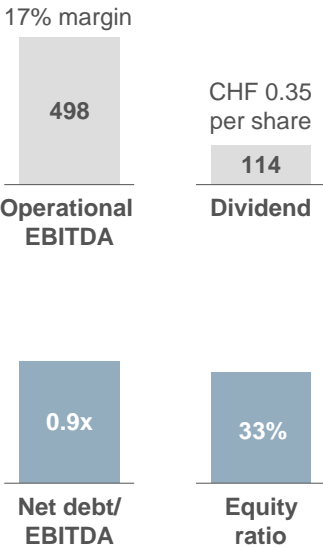
## Sales 2.9bn



Aligned to key megatrends



Key financials 2022



Robust financials and balance sheet

Unless otherwise stated all figures in CHF m; Surface Solutions market share based on addressable markets; equity ratio based on total equity; leverage ratio based on operational EBITDA



## Enhance leadership in Filament

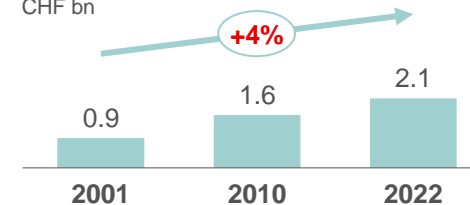
### 3 areas in focus

- Filament equipment market grew with 4% CAGR 01-22 driven by underlying manmade fibers market growth
- Positive mid-term outlook supported by need for energy saving machines and vertical integration of filament producers
- Short-term headwinds resulting in customers postponing orders

#### Filament equipment market

+4% Oerlikon Sales CAGR 14-22

CHF bn

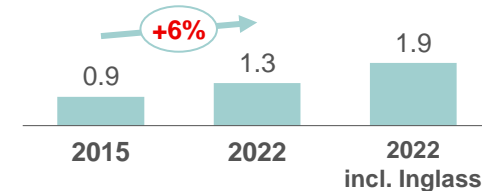


## Leverage core competencies into Non-Filament

- Solid market growth; Oerlikon increased strategic focus on Non-Filament since 2015
- Expansion supported by technology synergies with Filament and opportunistic bolt-on M&A in highly fragmented markets
- Short-term impacted by customers postponing Capex decisions in some end markets

#### Non-Filament equipment market

+8% Oerlikon sales CAGR 15-22



## Capitalize on long-term trends

- Drive R&D to capitalize on long-term trends like textile recycling and biopolymers beyond 2025
- Supported by leveraging of machinery and process knowhow as well as market access

Textile recycling
Energy saving
Biopolymer
Future mobility
Industry 4.0



4 - 6%  
profitable  
sales growth

Mid-term growth potential  
p.a.; short-term impacted  
by headwinds



## Accelerate regional expansion

**Increasing demand for surface solutions driven by efficiency and sustainability**

- Realize **>20% sales upside** in Americas and Asia with new regional organization
- Leverage competitive advantages of integrated offering and broad technology portfolio

**>20%**  
sales upside



## Leverage core competencies into new areas

- **+10% sales upside** from extending technology leadership and leveraging core competencies into new growth areas
- Focus on growth opportunities in future mobility, luxury, semiconductor, cleantech and additive manufacturing industries

**+10%**  
sales upside



## Optimize portfolio

- **Actively manage portfolio** towards high-margin solutions
- Envision selective and accretive bolt-on acquisitions, opportunistically

**M&A**  
& operational upside



## Drive cost stewardship

- **+300 bps upside** ... 20-22% EBITDA margin target in mid-term
- Drive operating leverage based on structurally reduced cost base and continue to focus on cost efficiency

**+300bps**  
margin upside<sup>1</sup>



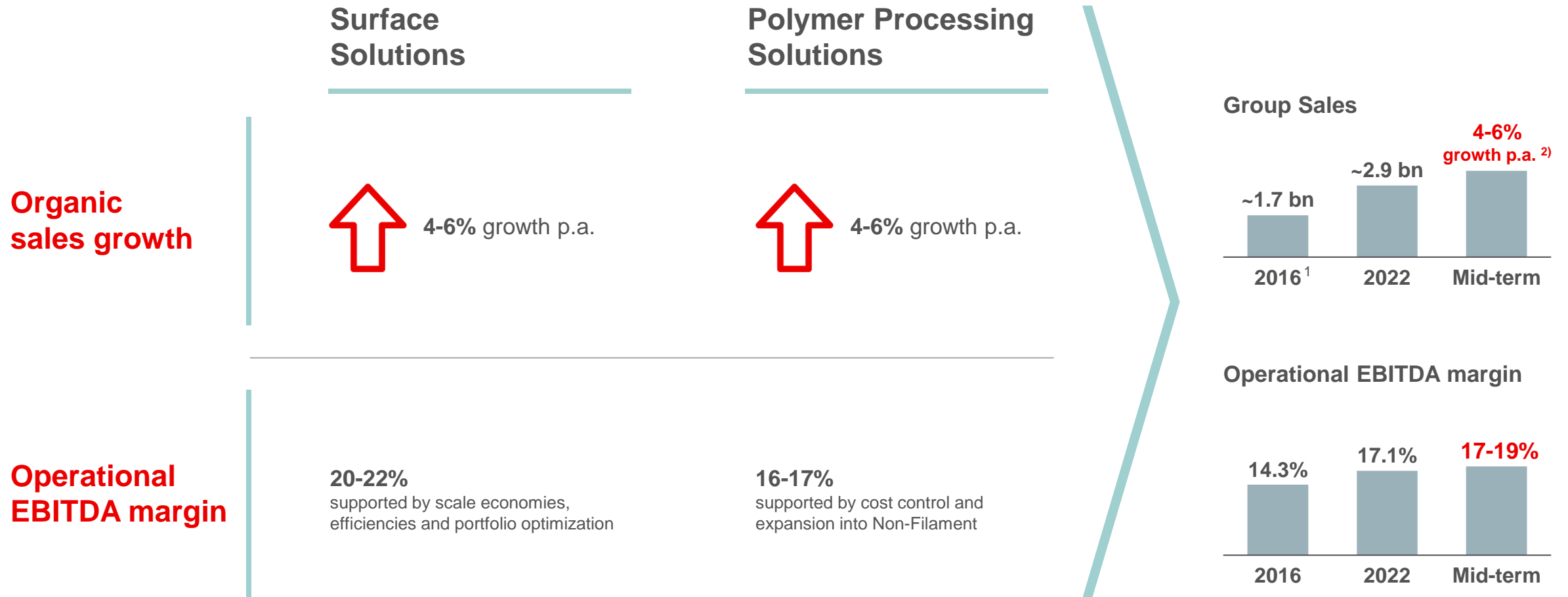
**4 - 6% profitable sales growth**

**Mid-term growth potential p.a.; short-term impacted by macro headwinds**

**+5% Sales CAGR 15-19**

(1) Comparing mid-end of 20-22% mid-term guidance with 2022 EBITDA margin

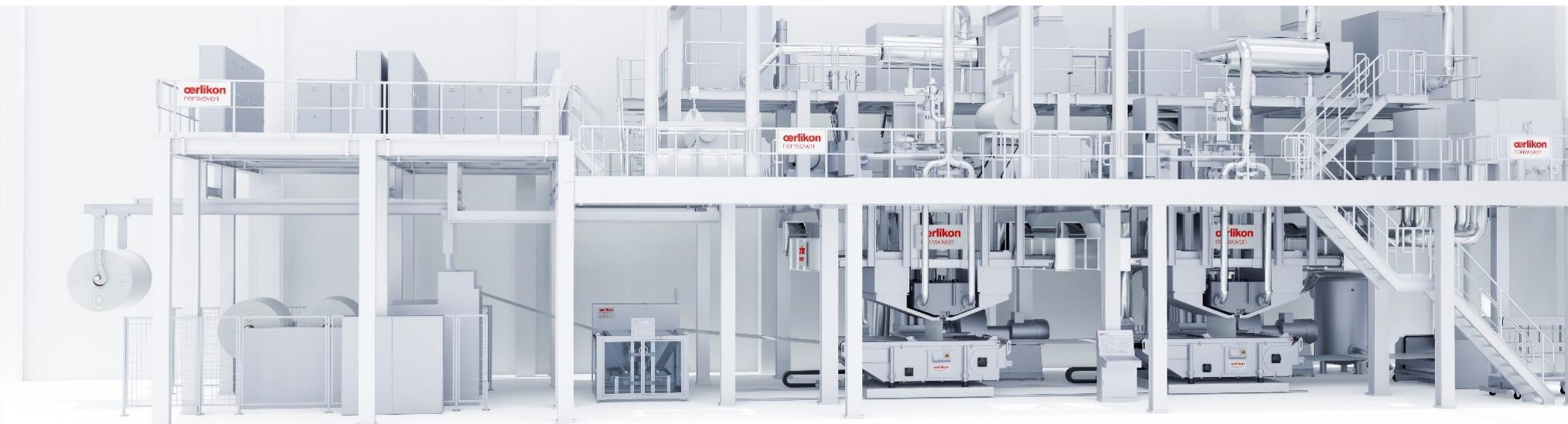
# Mid-term ambition: 4-6% sales growth and margin upside



(1) Excluding divested Drive Systems Division; (2) Oerlikon is expecting profitable 4-6% growth in the mid-term; timing can depend on economic development of end markets

# Polymer Processing Solutions

## Division Overview



# Polymer Processing Solutions at a glance

## Key metrics 2022

#1

Filament market leader with 40-50% share

**CHF 1.5bn**  
Sales

**16%**  
Operational EBITDA margin

**4'329**  
FTE's

Market leader for polymer processing solutions

## Offering



**Machines & plants**  
For polymer processing



**Components**  
Hot runner systems, pumps

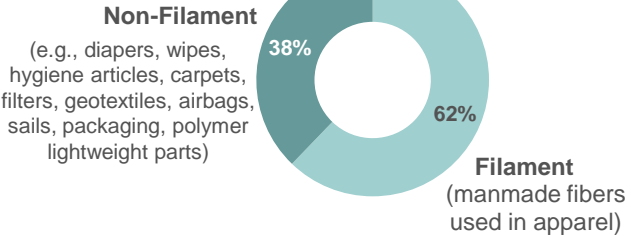


**Services**  
Commissioning, maintenance & repair, advisory and upgrades

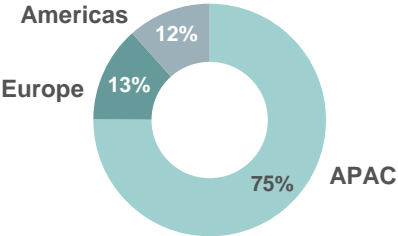
Integrated high-tech offering

## Sales split 2022

### By markets



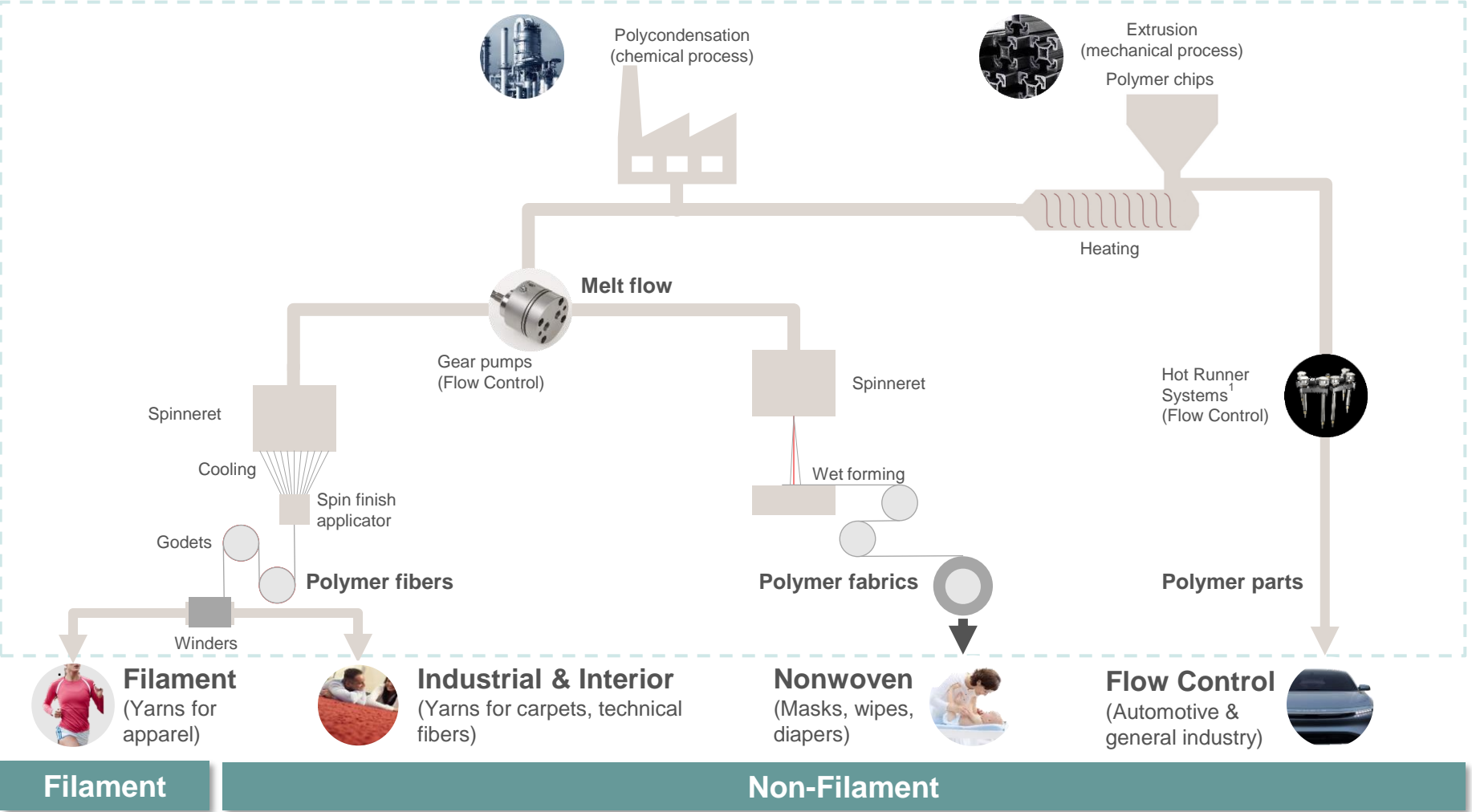
### By geography



**Diversified customer base**  
Filament: Hengli Group, Reliance Industries, Tongkun, Hengyi, ...  
Non-Filament: BMW, Magna, 3M, ABB, Berry, ...

Focus on Non-Filament growth and diversification

Technological synergies between Oerlikon machinery for Filament and Non-Filament



(1) Hot Runner Systems only go through the process of extrusion, not polycondensation

# Manmade fibers outgrowing natural fibers

## Growth drivers



**Population growth and affluence**



**Better availability**

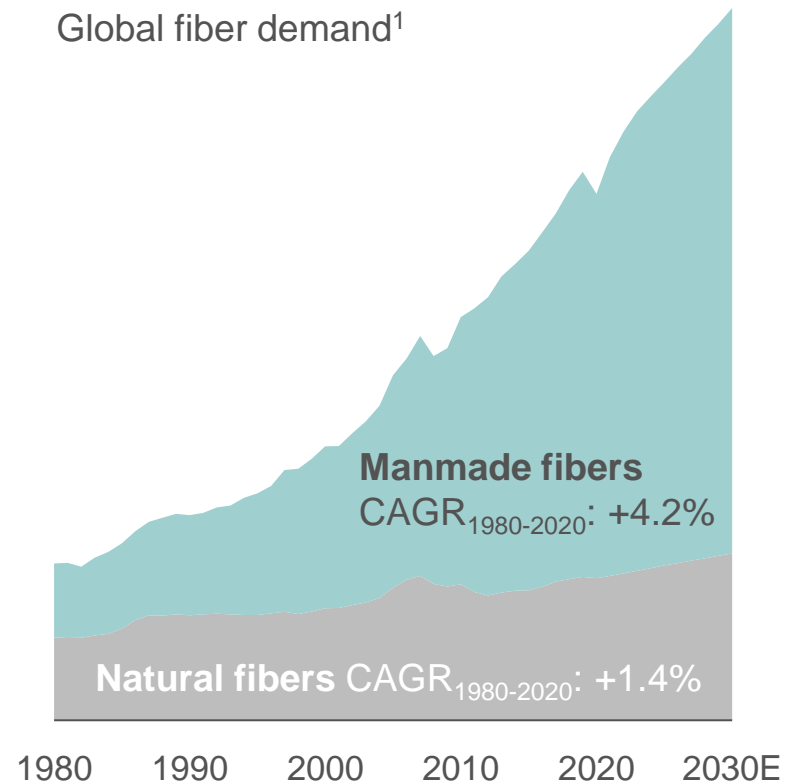


**Lower resource intensity**



**Superior product characteristics**  
(e.g., stretch, waterproof)

## +4% manmade fibers growth



**Need for equipment**

(1) Source: PCI Redbook 2020 Update Q4/21; in m t



## Enhance leadership in Filament

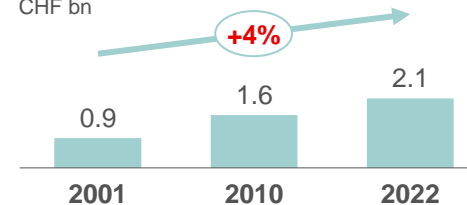
### 3 areas in focus

- Filament equipment market grew with 4% CAGR 01-22 driven by underlying manmade fibers market growth
- Positive mid-term outlook supported by need for energy saving machines and vertical integration of filament producers
- Short-term headwinds resulting in customers postponing orders

#### Filament equipment market

+4% Oerlikon Sales CAGR 14-22

CHF bn

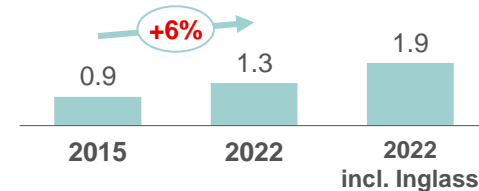


## Leverage core competencies into Non-Filament

- Solid market growth; Oerlikon increased strategic focus on Non-Filament since 2015
- Expansion supported by technology synergies with Filament and opportunistic bolt-on M&A in highly fragmented markets
- Short-term impacted by customers postponing Capex decisions in some end markets

#### Non-Filament equipment market

+8% Oerlikon sales CAGR 15-22



## Capitalize on long-term trends

- Drive R&D to capitalize on long-term trends like textile recycling and biopolymers beyond 2025
- Supported by leveraging of machinery and process knowhow as well as market access

Textile recycling
Energy saving
Biopolymer
Future mobility
Industry 4.0



4 - 6% profitable sales growth

Mid-term growth potential p.a.; short-term impacted by headwinds

# Oerlikon Surface Solutions

## Division Overview



# Surface Solutions at a glance

## Key metrics 2022

**#1**  
Market leader  
in coating solutions

**CHF 1.4bn**  
Sales

**18%**  
EBITDA margin <sup>1</sup>

**7'519**  
FTE's

Market leader  
in coating solutions

## Offering



Coating  
services



Coating  
materials



Coating  
equipment



Components

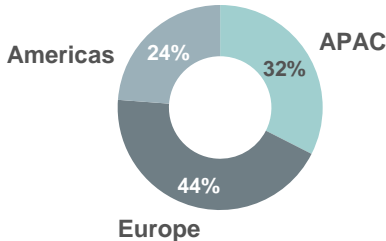


Additive  
manufacturing

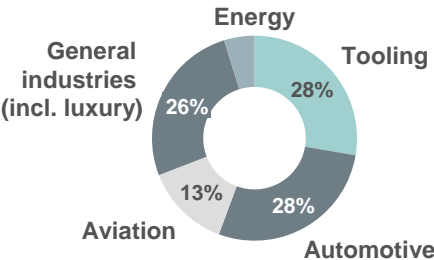
Integrated  
high-tech offering

## Sales split 2022

### By markets



### By industry



Global and diverse  
end markets

## Customers

**>30k active customers  
including industry leaders**

### Serving top players

- 100% in Tooling
- 75% in Automotive
- 75% in Aviation
- 100% in Power Generation

**Top 10 customers account  
for ~14% of sales <sup>2</sup>**

Broad and stable  
customer base

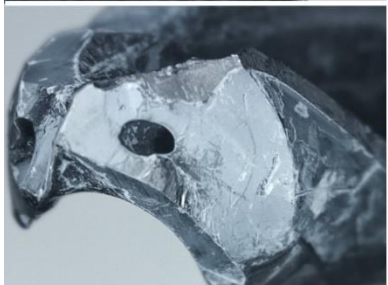
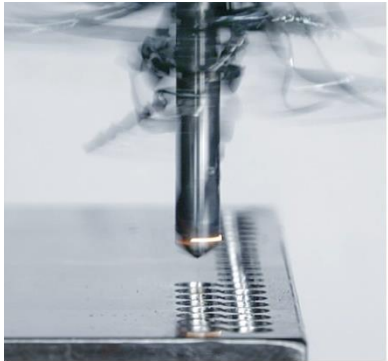
(1) Operational EBITDA margin; (2) refers to 2021

# Coatings improve efficiency and durability, driving sustainability

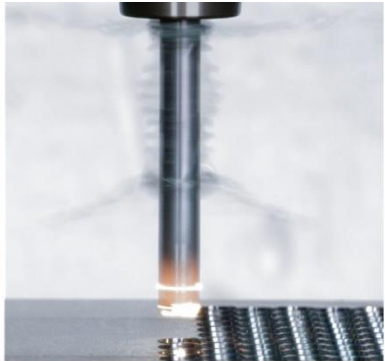
**oerlikon**

## Oerlikon enables the modern world

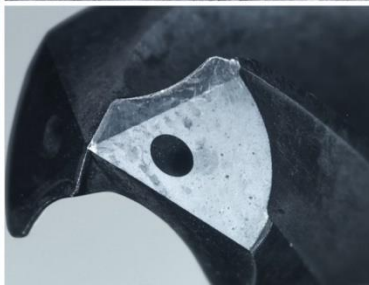
Uncoated



Older standard Coating



Oerlikon Coating



### Coatings **protect tools** after >4500 holes drilled

corrosion protection | environmental protection | strength | abrasion protection | hardness | chemical stability | conduction control | permeability control | anti-sticking | color flexibility | decorative enhancement | thermal stability | antibacterial | bio-compatibility | magnetism control | anti-reflection | easy cleaning | safety | wear resistance | insulation control | thermal protection | thermal protection | clearance control | erosion protection

## Unique value proposition



**160x lifetime extension** of a metal tool through coating... equaling metal saving of 13.7kg per tool, which is the **weight of 2 bowling balls**



**5% efficiency increase** in aero turbines through coatings... equaling ~26 mt of CO<sub>2</sub> reduction annually or **80% of Swiss CO<sub>2</sub> emissions**



Coatings **enable lightweight** materials... 10% less weight extends car driving range by 5-7%...for a 650 km EV this is equivalent to a **marathon**



# One face to the customer benefiting from integrated portfolio

Technology leadership in materials and equipment drives profitable growth in services

**oerlikon**



## Coating services

- Global network of 150+ coating centers; customer proximity and response time is key
- Pick-up and return within 1-2 days
- Bespoke solution offering
- Technologies including thermal spray and thin film



## Coating materials

- Manufacturing and sale of powders used in thermal spray and additive manufacturing
- New material development using Scoperta's artificial intelligence platform
- Tailored solutions to specific needs



## Coating equipment

- Manufacturing and sale of coating machines including thermal spray and thin film
- Largest installed base of coating machines with global coverage
- Aftermarket: spare parts and field services



## Components

- Produce high-performance components
- High-end special materials knowhow: In-house competence center for coated and printed components
- Customer synergies with integrated offering



## Additive Manufacturing

- Pioneering the industrialization of additive manufacturing, in series
- Offering 3D printing services for customers in focus application areas



Coatings for polymer auto grill



Coated mold



Materials & equipment for turbine blade



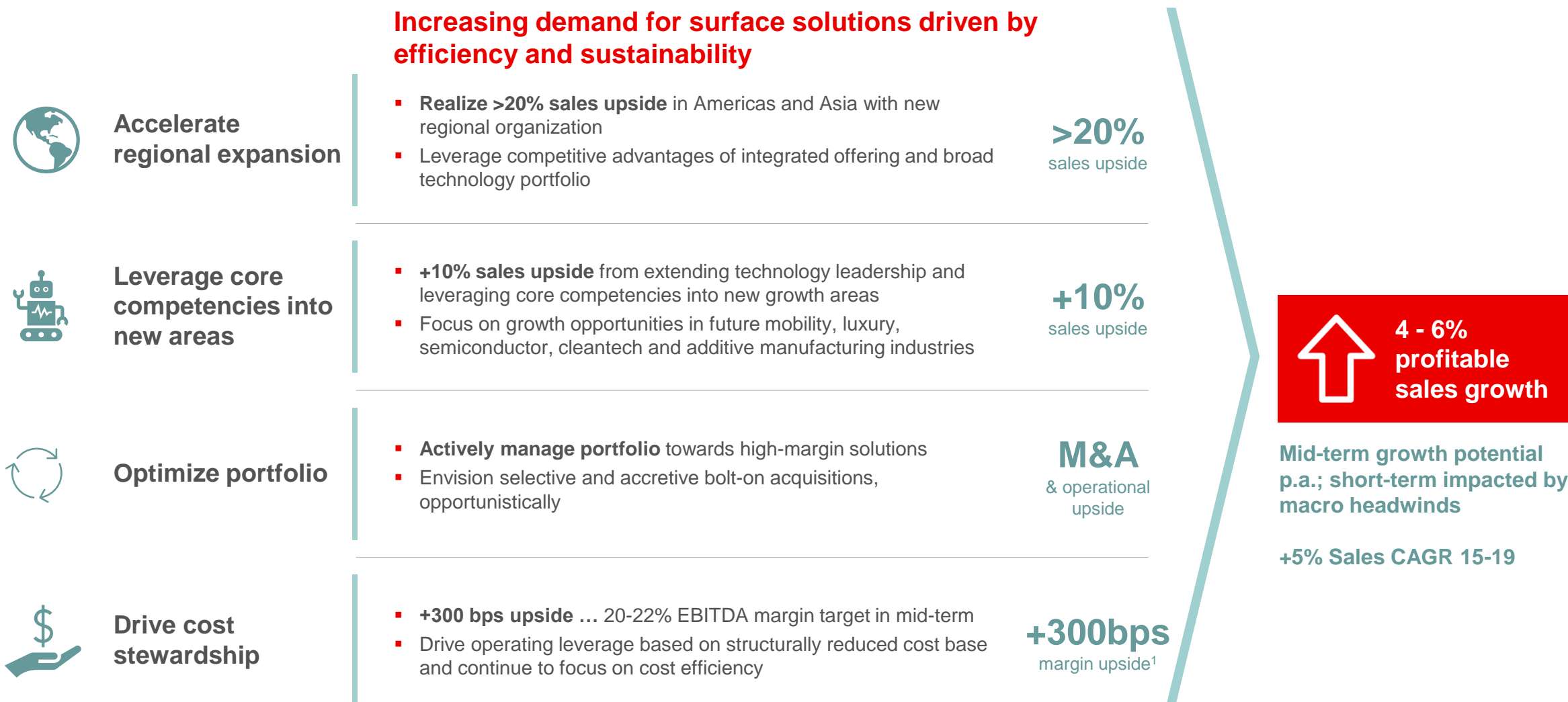
Materials & equipment for landing gear



Thermal insulation system



Printed support structure for satellite radio antenna



(1) Comparing mid-end of 20-22% mid-term guidance with 2022 EBITDA margin

# Group Strategy and ESG



# Clear strategy to drive profitable growth



## Grow & diversify

- **Outgrow markets** by focusing on technology leadership and sustainable innovation
- **Leverage core competencies** into new growth areas organically and with accretive M&A: Expand Polymer Processing Solutions into Non-Filament and capture structural growth opportunities in Surface Solutions



## Improve profitability

- Apply strict **cost focus** and benefit from operating leverage
- **Improve ROCE** to double-digit
- Maintain strong balance sheet and pay stable or progressive dividend



## Drive sustainability progress

- Drive environmental and social **progress at Oerlikon** via operational excellence, focus on efficiency and cultural change
- **Support customers** in meeting their own sustainability targets: Provide ecological and economical value propositions by focusing R&D and new products on sustainability criteria

## Profitable growth

4-6% sales growth with 17-19% operational EBITDA margin goal in the mid-term;  
short-term impacted by macro headwinds

# Sustainable megatrends in both divisions driving growth



## Oerlikon R&D on

## Helping customers become sustainable and efficient

Energy consumption



**160x lifetime extension** of a metal tool through coating (vs. uncoated)

Saving 13.7kg metal per coated tool, which is the **weight of 2 bowling balls**



Water consumption



Coatings on aero turbine **increase efficiency ~5%**

Equals ~26 mt of CO<sub>2</sub> reduction annually<sup>1</sup>... **~80% of Swiss emissions**



Social impact



Coatings and hot runner systems **enable lightweight** materials

10% less weight extends car driving range by 5-7%...for a 650km EV this is equivalent to a **marathon**



Waste emissions



Manmade fibers are **less resource intensive** than natural fibers and increasingly recyclable

A cotton t-shirt requires around 1'300l of water compared to ~8l for polymers... savings equivalent to **~9 bathtubs**



Raw material consumption



**~30% energy saving** with new filament equipment

Annual CO<sub>2</sub> emission savings<sup>2</sup> of Oerlikon winders of 2.6mt... equivalent to annual gasoline consumption of **~500k cars**

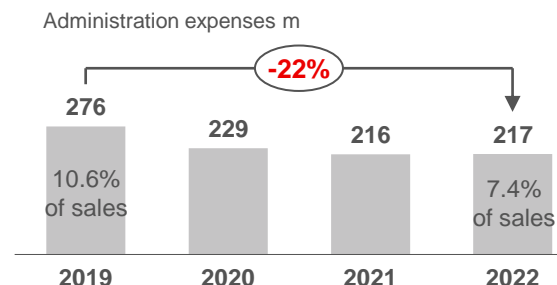


(1) Across 2019 installed base of aero engines; (2) Data per 2020 installed base for new vs. older generation of FDY on POY take-up and winding machinery

# Focusing on profitable growth

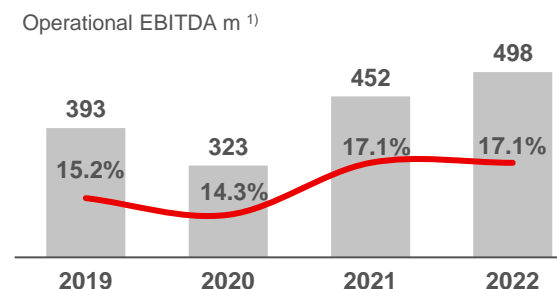
## 1 Cost efficiency

- **22% overhead savings** since 2019, while generating CHF ~300m more sales
- Continued focus on efficiency and digitalization



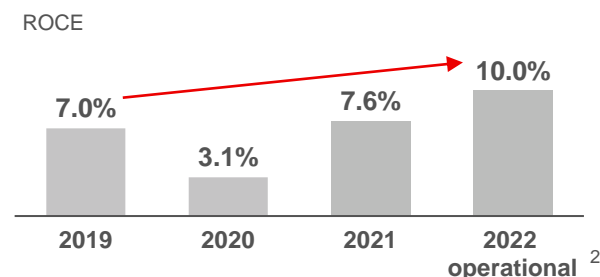
## 2 Profitability growth

- **EBITDA margins ~200 bps above** 2019 levels
- Benefiting from cost control, economies of scale and portfolio optimizations



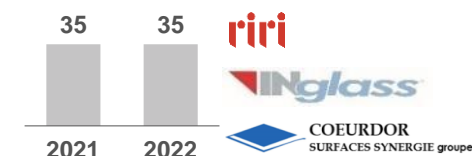
## 3 Driving ROCE

- **ROCE improving**; mid-term ambition: sustainable double-digit
- Benefit from new capital allocation framework



## 4 Dividends and M&A

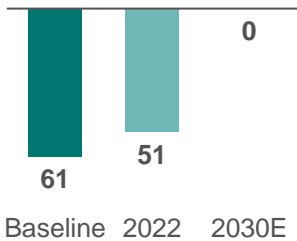
Ordinary DPS (Rp) <sup>1)</sup>:



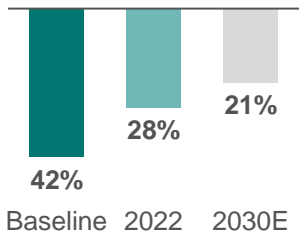
1) Discontinued inline ePD is excluded in 2022 and 2021 operational EBITDA; 2) based on operational EBIT and adj. for cash repatriation tax effect

# Progress towards 2030 ESG targets

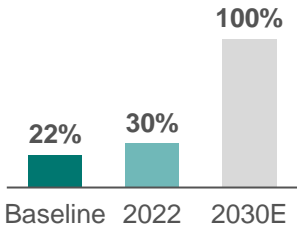
Reduce emissions (scope 1&2) in relevant operations to become climate neutral (k tons CO<sub>2</sub> / CHFm)



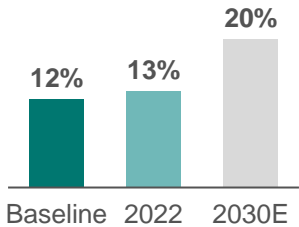
Reduce % of disposed waste



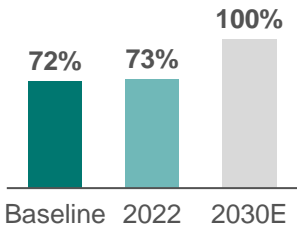
Increase % of electrical energy from **renewable** sources



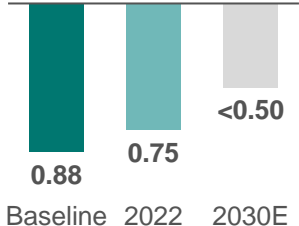
Increase % of **women** in management and leadership roles



Increase % **R&D** investment in products that must cover ESG criteria



Reduce rate of recordable work-related **injuries** (TAFR)



# Investor Relations



**Stephan Gick**

Stephan.gick@oerlikon.com

+41 58 360 98 50



ir@oerlikon.com



[www.oerlikon.com/en/investors](http://www.oerlikon.com/en/investors)



OC Oerlikon Corporation AG, Pfäffikon, (together with its affiliates hereinafter referred to as “Oerlikon”) has made great efforts to include accurate and up-to-date information in this document. However, Oerlikon makes no representation or warranties, expressed or implied, as to the truth, accuracy or completeness of the information provided in this document. Neither Oerlikon nor any of its directors, officers, employees or advisors, nor any other person connected or otherwise associated with Oerlikon, shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this document.

The contents of this document, including all statements made therein, is based on estimates, assumptions and other information currently available to the management of Oerlikon. This document contains certain statements related to the future business and financial performance or future events involving Oerlikon that may constitute forward-looking statements. The forward-looking statements contained herein could be substantially impacted by risks, influences and other factors, many of which are not foreseeable at present and/or are beyond Oerlikon’s control, so that the actual results, including Oerlikon’s financial results and operational results, may vary materially from and differ than those, expressly or implicitly, provided in the forward-looking statements, be they anticipated, expected or projected. Oerlikon does not give any assurance, representation or warranty, expressed or implied, that such forward-looking statements will be realized. Oerlikon is under no obligation to, and explicitly disclaims any obligation to, update or otherwise review its forward-looking statements, whether as a result of new information, future events or otherwise.

This document, including any and all information contained therein, is not intended as, and may not be construed as, an offer or solicitation by Oerlikon for the purchase or disposal of, trading or any transaction in any Oerlikon securities. Investors must not rely on this information for investment decisions and are solely responsible for forming their own investment decisions.