

Resilient Performance in Challenging COVID-driven Environment

Dr. Roland Fischer, CEO

Philipp Müller, CFO

Annual Analyst Conference

Zurich, March 2, 2021



Agenda

- 1 Business Review 2020**
- 2 Financial Review 2020
- 3 Outlook
- 4 Appendix

1 Surface Solutions End Markets Recovering at Varying Speeds, Cost Actions Delivering

- Full-year sales of CHF ~1.2bn, down 19.6% versus prior year (-15.2% at constant FX), impacted by challenging COVID-19 environment
- Strong progress on structural cost-out
- Market recovery continuing in 4Q20 in automotive, tooling and general industries. Aerospace remains low due to travel restrictions

2 Strong Execution and Positive Market Outlook in Manmade Fibers

- Manmade Fibers has caught-up on full-year sales
- Delivered full-year sales of CHF ~1.1bn down 4.0% versus prior year (up 0.4% at constant FX)
- Significant full-year growth beyond filament. Nonwoven orders of CHF ~120m and sales of CHF ~95m reflecting sales growth of 224%

3 Published First Sustainability Report

- Sustainability Report underlines Oerlikon's sustainability credentials
- Oerlikon committed to ESG with ambitious 2030 performance targets
- Reducing environmental impact is at the heart of our technology portfolio, helping our customers to do more, with less

4 Ordinary Dividend Payout of CHF 0.35 to be Proposed

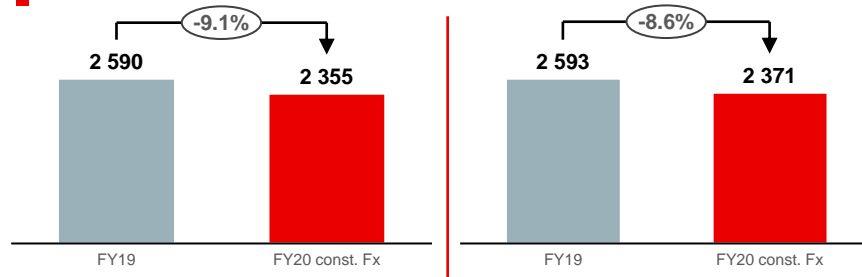
- Reflects strong confidence in the future trajectory and the underlying financial strength of the Group
- Proposal continues stable or progressive dividend evolution since 2011
- Subject to shareholder approval at AGM on 13 April

Strong Group Performance: Manmade Fibers on Track, Varying Recovery Pattern for Surface Solutions

in CHF million	4Q20	4Q19	y-o-y	FY20	FY19	y-o-y
Order intake	642	612	4.9%	2 241	2 590	-13.5%
Sales (3 rd parties)	626	636	-1.5%	2 258	2 593	-12.9%
Operational EBITDA	111	87	27.9%	320	393	-18.5%
In % of sales	17.7%	13.7%	–	14.2%	15.1%	–
Operational EBIT	59	34	75.4%	116	193	-39.7%
In % of sales	9.5%	5.3%	–	5.2%	7.4%	–

- Full-year Group orders down 9.1% versus prior year on a constant FX basis
- Group sales declined by 8.6% versus prior year at constant FX rates in a COVID-19 impacted environment
 - Surface Solutions declined 15.2% versus prior year on a constant currency basis as the Division's markets were heavily impacted by the pandemic
 - Manmade Fibers increased sales 0.4% versus prior year on a constant currency basis demonstrating structural growth during the pandemic
- Negative FX impact on sales and orders from continuing strengthening of reporting currency CHF
- Full year operational EBITDA of 14.2% decreased 90 basis points vs. prior year
 - Surface Solutions cost measures delivering margin enhancement in second half of 2020
 - Manmade Fibers delivered high full year operational EBITDA of 14.2%

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



Oerlikon Outlook: Stable Manmade Fibers, Surface Solutions Recovering at Varying Speeds

Filament and Nonwoven

- Large filament producers confirm expansion plans. Visibility into 2023.
- BCF at low point of cycle
- Nonwoven market is expanding including demand for meltblown line required for facial masks
- 47 % Group Sales FY20

Tooling

- Sharp deterioration in 2020 industrial production globally, recovering at varying rates
- China, Europe and auto derivative markets already show marked recovery
- Non-auto markets better 4Q20 environment supported by general
- 16% Group Sales FY20

General Industrial

- Sharp deterioration in industrial production globally, recovering at varying rates
- Industrial capex expected to be down 13% for 2020
- China already recovered with Europe in recovery mode. Americas remain weak
- 16% Group Sales FY20

Automotive

- Automotive started 2020 with negative production trends, exacerbated by COVID-19
- Following Summer holidays production has recovered due to increased demand with IHS estimates up 6%
- Asian recovery particularly pronounced in China
- 14% Group Sales FY20

Aviation

- COVID-19 create perfect storm for Aerospace industry
- IATA: 2020 was sharpest decline in aerospace history (66% passenger traffic fall)
- IATA forecast 50% growth in 2021 off low base (~50% of 2019). Will not return to 2019 levels until 2024
- 7% Group Sales FY20

Oerlikon Outlook
2021
2022+

Filament Stable
Ex-filament Growth

High-Single-Digit

Mid-Single-Digit

High-Single-Digit

Growth in 2H21
off low base

Filament =
Ex-filament +

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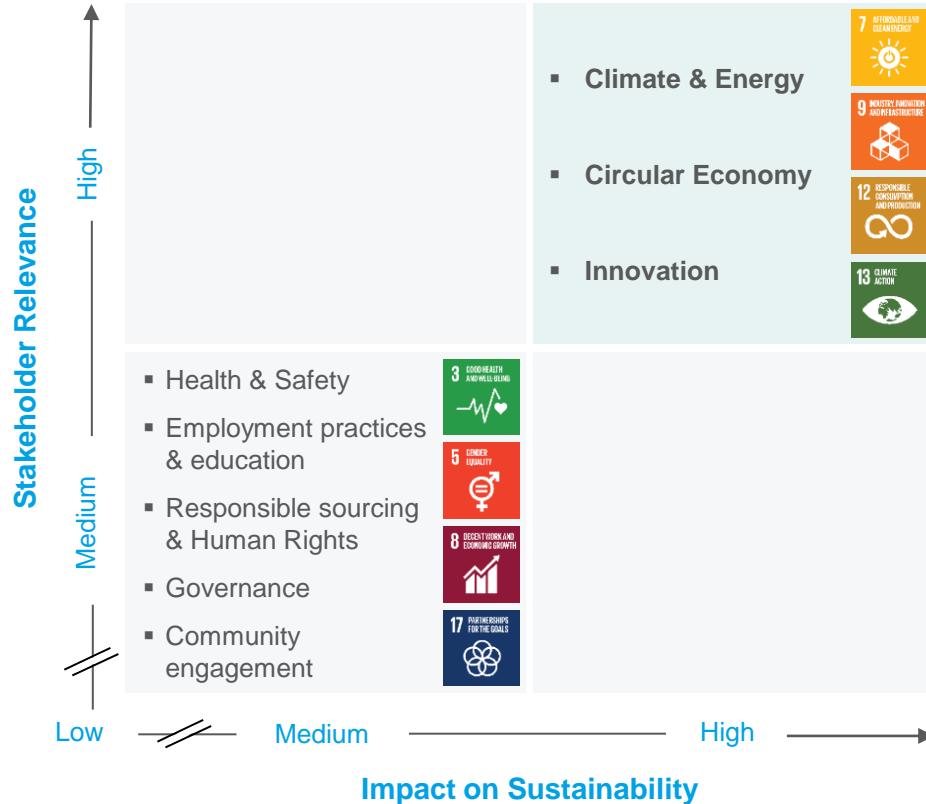
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Manmade Fibers market remains stable; Surface Solutions well placed for recovery in Automotive, Tooling and General Industry markets; Aerospace still weak

Oerlikon Publishes First Sustainability Report Compliant with GRI Core Standards



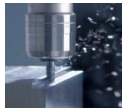
Oerlikon Sustainability Targets By 2030

- 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%

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

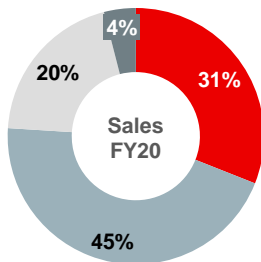
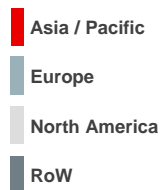
158² kts
of CO₂
emitted by Oerlikon

160x
Group CO2 emissions to quantified reduction ratio

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Surface Solutions Cost Actions Delivering Results



Orders

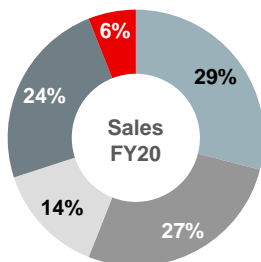
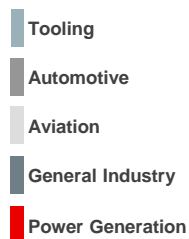
- Full-year impacted by COVID-19 effect on industrial markets, sequential improvements in Q4
- Longer-cycle business (Equipment) expected to recover in 1H21

Sales

- Sales for the full year down 19.6% versus FY19, with markets recovering at varying rates in Q4
- Shorter-cycle coating service business showing strong recovery in automotive and tooling

Operational EBITDA

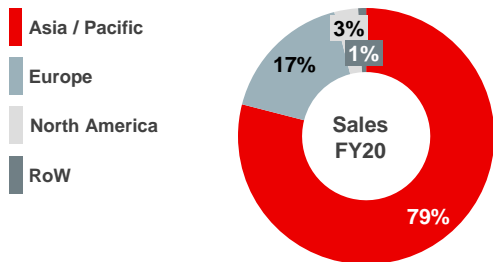
- Structural cost programs gathered pace in the second half and execution ahead of plan
- Strict temporary measures and cost controls



in CHF million

	4Q20	4Q19	y-o-y	y-o-y ex FX	FY20	FY19	y-o-y	y-o-y ex FX
Order intake	315	359	-12.2%	-7.2%	1 144	1 468	-22.1%	-17.8%
Sales (3 rd parties)	330	369	-10.7%	-5.8%	1 197	1 488	-19.6%	-15.2%
Operational EBITDA	76	67	12.3%	–	177	253	-30.2%	–
In % of sales	22.9%	18.2%	–	–	14.7%	16.9%	–	–
Operational EBIT	35	24	47.3%	–	10	86	-88.0%	–
In % of sales	10.5%	6.4%	–	–	0.9%	5.8%	–	–

Strong Execution from Manmade Fibers



Orders

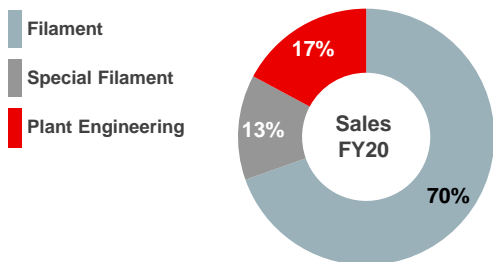
- Strong step-up in orders from 2Q20 was sustained across the year. Book-to-bill ratio remains >1
- Filament business with full order book to 2022 and taking orders for 2023. No cancellations in 2020

Sales

- Sales level remained high in 4Q20 as Manmade Fibers caught up from lower sales recognized in 1H20 due to COVID-19 interruptions
- Filament sales resilient and increased sales from nonwoven. Service lower due to travel restrictions

Operational EBITDA

- Strong utilization levels in filament and nonwoven drove margins higher

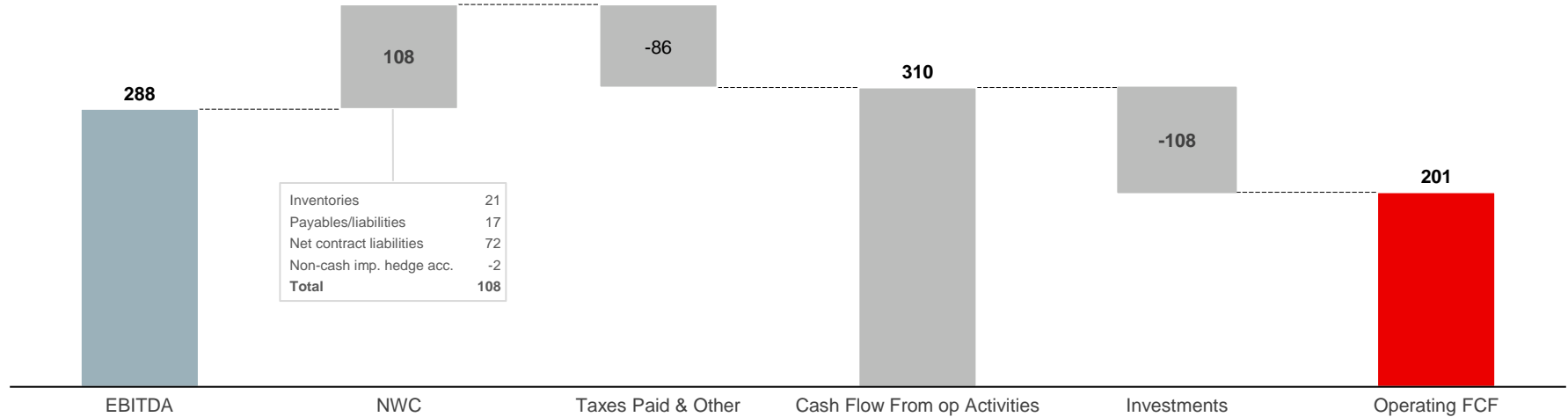


in CHF million

	4Q20	4Q19	y-o-y	y-o-y ex FX	FY20	FY19	y-o-y	y-o-y ex FX
Order intake	326	252	29.3%	33.4%	1 097	1 122	-2.3%	2.3%
Sales (3 rd parties)	296	267	11.2%	14.2%	1 061	1 106	-4.0%	0.4%
Operational EBITDA	47	26	81.2%	–	151	145	3.6%	–
In % of sales	15.7%	9.6%	–	–	14.2%	13.2%	–	–
Operational EBIT	38	19	>100%	–	120	119	0.4%	–
In % of sales	12.7%	7.0%	–	–	11.3%	10.8%	–	–

Strong Operational Free Cash Flow Generation in a Challenging Environment

in CHF million



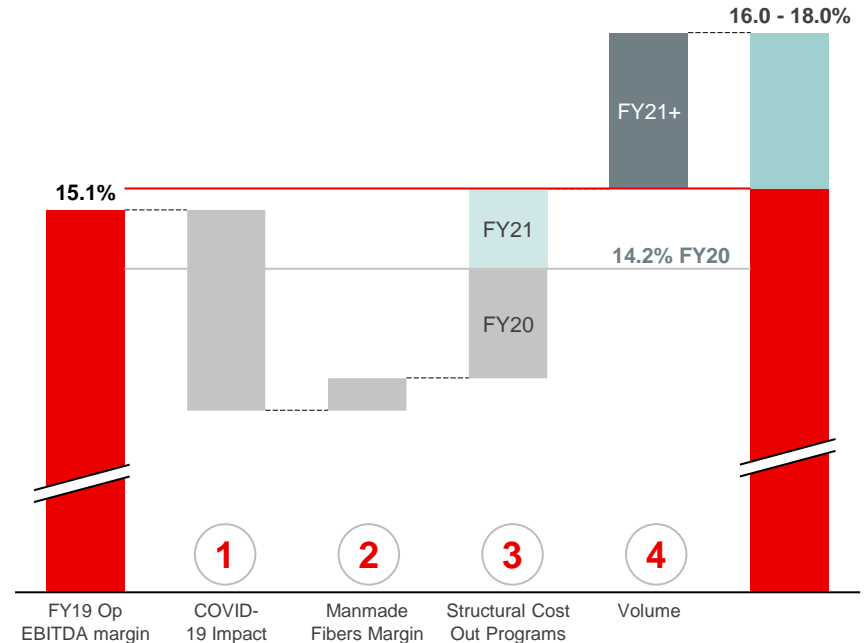
- Strong cash flow generation from operating activities
- Disciplined net working capital management led to CHF 108m cash generated from inventory, accounts payable and customer advances
- During the year Oerlikon fully drew financing facilities to ensure available liquidity. By end of year the available facilities were fully repaid. Oerlikon ended the year with total net cash of CHF 59 m

Priority: Return Group EBITDA Margin to 16 – 18%

Margin Recovery Profile

1. Surface Solutions financials impacted by COVID-19 pandemic with FY20 sales down ~20% (~15% with constant FX)
2. Manmade Fibers benefits from higher utilization and better mix
3. Restructuring program deepened and accelerated:
 - a) Permanent run-rate EBITDA savings CHF ~70 m
 - b) One-time implementation cost of CHF ~60 m booked
 - 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



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2021 Business Outlook

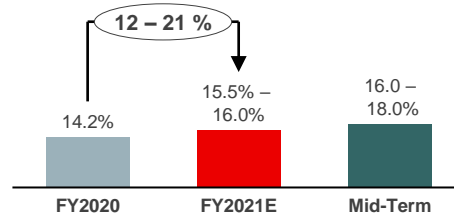
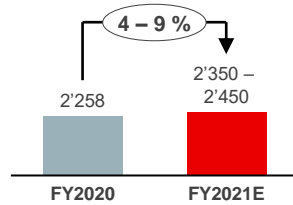
Forward looking statements assume continued and stable global recovery from COVID-19 pandemic

Sales

Operational EBITDA margin %

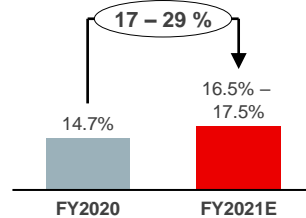
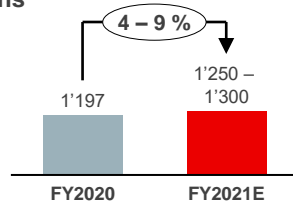
Assumptions

Group



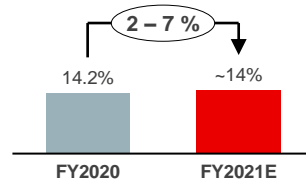
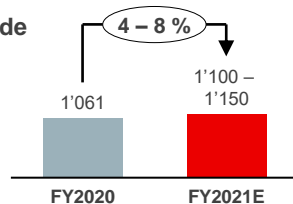
- Expecting continued improvement of COVID-19 situation & market improvements throughout 2021
- Order intake and sales expected to recover as markets improve from COVID-19 pandemic restrictions
- Op. EBITDA margin in excess of 2019 levels on lower sales
- Sustained lower CapEx of CHF ~120m into 2021

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

Manmade Fibers



- 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

Oerlikon's Forward Looking Priorities



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%

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

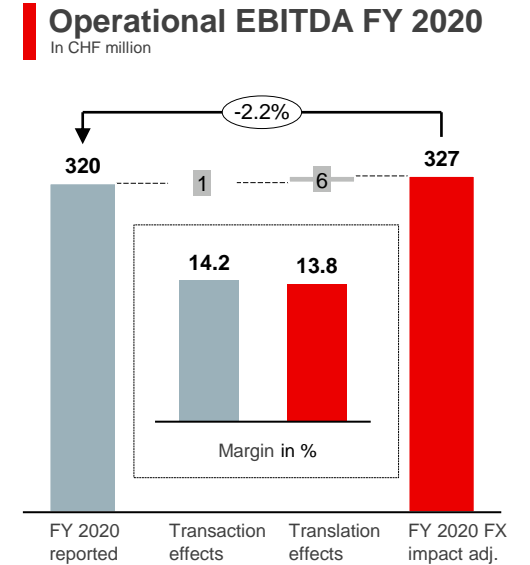
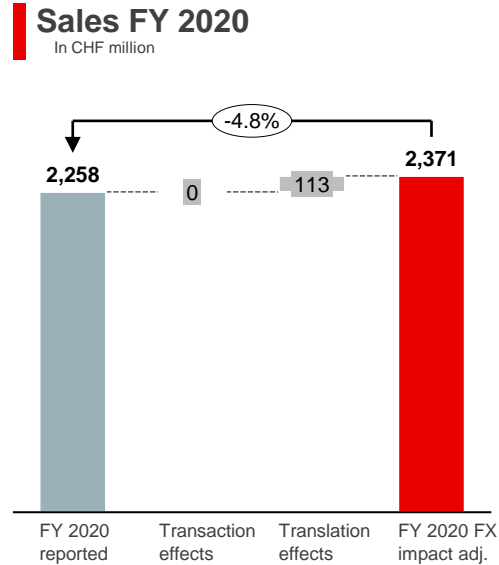
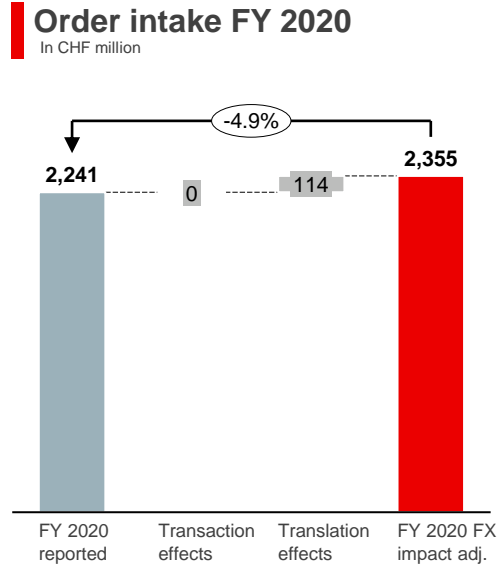
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Continue to pay a stable or progressive dividend

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FX impact on Orders, Sales and Operational EBITDA in FY 2020



- Top-line impact mainly related to currency translation into reporting currency CHF
- Main drivers were depreciation of USD, INR and CNY against CHF

Net income impacted by impact of COVID-19 pandemic on Group sales and one-off restructuring costs

in CHF million	2020	2019 ¹	Δ
Result before interest and taxes (EBIT) in % of sales	73 3.2 %	164 6.3 %	-55.3 %
Financial result	-14	-15	-9.5 %
Result before taxes (EBT) in % of sales	60 2.6 %	149 5.7 %	-59.8 %
Income taxes in % of EBT	-22 37.2 %	-39 26.2 %	-42.8 %
Result from continuing operations in % of sales	38 4.2 %	110 4.2 %	-65.8 %
Result from discontinued operations, net of income taxes	0	-176	n.a.
Net result	38	-66	n.a.

- Discontinued operations reflect divestment of Drive Systems Division

¹ 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

Reconciliation of Profitability Measures FY 2020

EBITDA to EBIT Bridges

in CHF million	Group		Surface Solutions		Manmade Fibers	
	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19
EBITDA	288	366	144	234	150	144
Depreciation	-133	-131	-111	-111	-19	-16
Impairments	-5	-2	-5	-0	-0	-1
EBITA	150	233	29	122	130	126
Amortization of Acquired Intangibles	-44	-40	-38	-38	-6	-3
Other Amortization	-27	-28	-17	-19	-6	-6
Impairments	-6		-6			
EBIT	73	164	-32	65	118	117

Operational Profitability Reconciliation

in CHF million	Group		Surface Solutions		Manmade Fibers	
	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19
Operational EBITDA	320	393	177	253	151	145
Restructuring expenses	-22	-21	-22	-13	-1	-1
Discontinued activities	-10	-7	-10	-6		-1
EBITDA	288	366	144	234	150	144

in CHF million	Group		Surface Solutions		Manmade Fibers	
	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19
Operational EBIT	116	193	10	86	120	119
Restructuring expenses	-22	-21	-22	-13	-1	-1
Impairments related to restructuring	-9		-9			
Discontinued activities	-12	-8	-12	-7		-1
EBIT	73	164	-32	65	118	117

Reconciliation of Profitability Measures 4Q 2020

EBITDA to EBIT Bridges

in CHF million	Group		Surface Solutions		Manmade Fibers	
	4Q 20	4Q 19	4Q 20	4Q 19	4Q 20	4Q 19
EBITDA	108	67	73	54	46	25
Depreciation	-33	-33	-27	-29	-5	-3
Impairments	-4	-1	-3	0	-0	-1
EBITA	71	32	42	24	40	20
Amortization of Acquired Intangibles	-11	-10	-9	-10	-2	-1
Other Amortization	-7	-8	-4	-6	-2	-2
Impairments	-1		-1			
EBIT	53	14	28	9	37	18

Operational Profitability Reconciliation

in CHF million	Group		Surface Solutions		Manmade Fibers	
	4Q 20	4Q 19	4Q 20	4Q 19	4Q 20	4Q 19
Operational EBITDA	111	87	76	67	47	26
Restructuring expenses	2	-18	2	-12	-1	-1
Discontinued activities	-6	-2	-6	-2		
EBITDA	108	67	73	54	46	25

in CHF million	Group		Surface Solutions		Manmade Fibers	
	4Q 20	4Q 19	4Q 20	4Q 19	4Q 20	4Q 19
Operational EBIT	59	34	35	24	38	19
Restructuring expenses	2	-18	2	-12	-1	-1
Impairments related to restructuring	-3		-3			
Discontinued activities	-6	-2	-6	-2		
EBIT	53	14	28	9	37	18

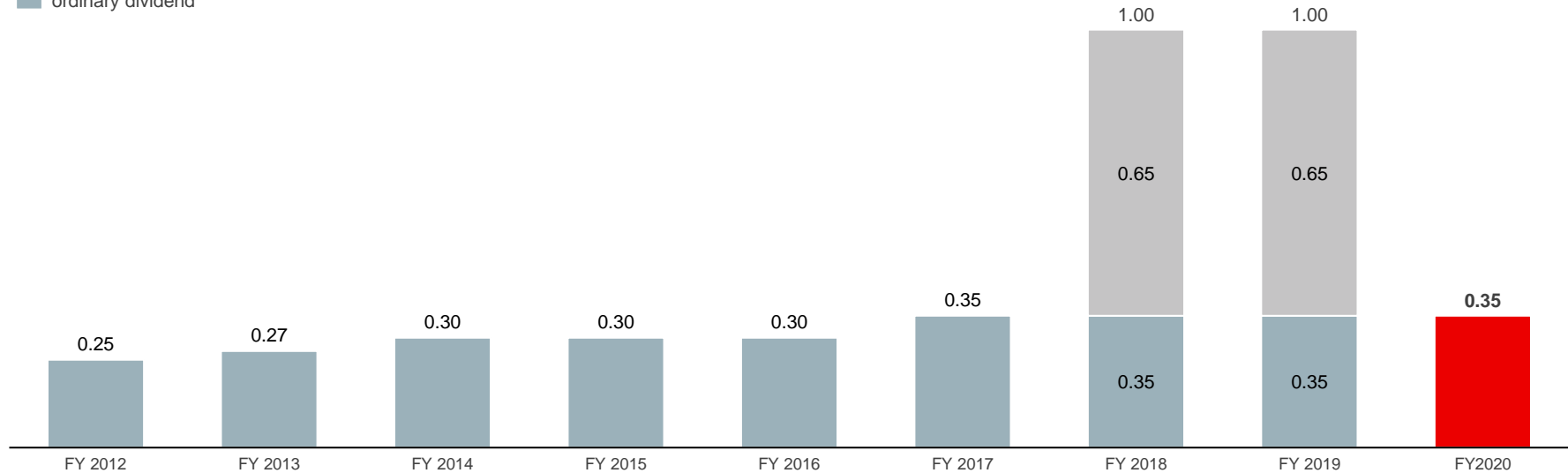
Attractive Ordinary Dividend of CHF 0.35 per Share Proposed

Dividend proposal for FY 2020

In CHF per share

■ extraordinary dividend

■ ordinary dividend



- Extraordinary dividends were paid to distribute proceeds from the disposal of the Drive Systems Division and are unconnected to underlying earnings

March 2, 2021

**Q4 / FY 2020 results
- Media & Analyst Conference**

April 13, 2021

Annual General Meeting of Shareholders

May 4, 2021

Q1 2021 results
- Media & Analyst Conference Call

August 3, 2021

Q2 / HY 2021 results
- Media & Analyst Conference Call

November 3, 2021

Q3 / 9M 2021 results
- Media & Analyst Conference Call



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