

oerlikon

Interim Report **HY2023**

About Oerlikon

Oerlikon is a global innovation powerhouse for surface engineering, polymer processing and additive manufacturing. Our solutions and comprehensive services, together with our advanced materials, improve and maximize the performance, function, design and sustainability of our customers' and their customers' products and manufacturing processes in key industries.

Pioneering technology for decades, we cherish creating and designing the future with our customers close to where they are, enabling them to achieve more with less.

Emissions reduction in transportation, maximized longevity and performance of tools, increased energy efficiency, intelligent materials and sustainable polymer processing are proven hallmarks of our global leadership.

Everything we invent, develop and do is guided by our passion to support our customers' goals and foster a sustainable world.

Headquartered in Pfaeffikon, Switzerland, the Group operates its business in two divisions – Surface Solutions and Polymer Processing Solutions. It has a global footprint of more than 13 000 employees at 205 locations in 37 countries and generated sales of CHF 2.9 billion in 2022.

Group Structure

Both divisions offer customer solutions under leading brands and execute strategies targeted at customers' needs in their respective markets.



Half-Year 2023 at a Glance

Surface Solutions With 10% Organic Half-Year Sales Growth in Challenging Environment

Orders increased 7% and sales 12% year-over-year, attributed to M&A and higher demand in aviation, general industries, luxury and energy. Operational EBITDA margin was 16.0%, impacted by product/service mix, higher input costs and adverse FX movements.

Polymer Processing Solutions' End Markets Significantly Slowed Down

Orders decreased 33% and sales 10% year-over-year, driven by the anticipated postponement of orders in the filament market, particularly in China. Operational EBITDA margin was 14.7%, due to sales mix, operating leverage and higher input costs.

Integration of Riri on Track

The acquisition of Riri was successfully closed on February 28, 2023. The integration of Riri as part of Oerlikon's luxury business is progressing well, as planned.

2023 Guidance Updated

Taking into account the economic slowdown in China, the strong Swiss franc and persistent inflation, outlook is updated. Group sales of CHF 2.75–2.8 billion are expected in 2023 and the operational EBITDA margin is expected to be around 15.5%.

Order Intake (CHF)

1 338 million

Sales (CHF)

1 437 million

Operational EBITDA Margin

15.8%

Net Result (CHF)

75 million

Key Figures

	Order Intake	Sales	Operational EBITDA Margin	Net Income
Group	CHF 1 338 million -14.4%	CHF 1 437 million +0.4%	15.8%	CHF 75 million
Surface Solutions Division	CHF 777 million +7.3%	CHF 761 million +12.0%	16.0%	
Polymer Processing Solutions Division	CHF 561 million -33.1%	CHF 676 million -10.1%	14.7%	

Surface coatings are part and parcel of the production of luxury accessories, jewelry and components. These metal pieces need coatings to provide them with wear and scratch protection and give them a glossy finish. In addition, the industry is transitioning away from galvanization toward more environmentally friendly technologies like PVD that is offered by Oerlikon. Moreover, the industry is exploring the use of additive manufacturing to help create bespoke designs and unique pieces in exclusive quantities.

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Key Figures Oerlikon Group

in CHF million	January 1 to June 30, 2023 unaudited	January 1 to June 30, 2022 unaudited
Order intake	1 338	1 563
Order backlog	639	838
Sales	1 437	1 432
EBITDA	224	237
– as % of sales	15.6%	16.6%
Operational EBITDA ^{1, 2}	227	249
– as % of sales ^{1, 2}	15.8%	17.4%
EBIT	113	125
– as % of sales	7.9%	8.7%
Operational EBIT ^{1, 3}	118	139
– as % of sales ^{1, 3}	8.2%	9.7%
Net result	75	88
– as % of equity attributable to shareholders of the parent	6%	7%
Cash flow from operating activities ⁴	–79	22
Capital expenditure for property, plant and equipment and intangible assets	52	46
Total assets (June 30, 2023/December 31, 2022)	4 551	3 937
Equity attributable to shareholders of the parent (June 30, 2023/December 31, 2022)	1 178	1 274
– as % of total assets	26%	32%
Net debt (June 30, 2023/December 31, 2022) ⁵	–1 265	–471
Net operating assets (June 30, 2023/December 31, 2022) ⁶	2 801	2 063
Number of employees (full-time equivalents) (June 30, 2023/December 31, 2022)	13 089	12 184
Research and development expenditure ⁷	53	54

¹ Operational EBIT and operational EBITDA from prior year are restated for discontinued activities (refer to Reconciliation of Operational Figures).

² Operational EBITDA is defined as EBITDA, adjusted by expenses directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates as well as acquisition and integration costs.

³ Operational EBIT is defined as EBIT, adjusted by expenses and impairments directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates, goodwill and intangible assets acquired in a business combination as well as acquisition and integration costs.

⁴ Cash flow from operating activities before changes in net current assets amounts to CHF 176 million (previous period: CHF 199 million).

⁵ Net debt includes cash and cash equivalents, deposits and marketable securities less current and non-current debt.

⁶ Net operating assets are defined as operating assets (total assets without cash and cash equivalents, current financial investments, current income tax receivables and deferred tax assets) less operating liabilities (total liabilities without financial and lease liabilities, current income taxes payable, non-current post-employment benefit liabilities and deferred tax liabilities).

⁷ Research and development expenditure includes expenses recognized as intangible assets in the amount of CHF 11 million (previous period: CHF 9 million).

Consolidated Income Statement

in CHF million	January 1 to June 30, 2023, unaudited	January 1 to June 30, 2022, unaudited
Sales of goods	983	965
Services rendered	454	467
Total sales	1 437	1 432
Cost of sales	-1 068	-1 035
Gross profit	369	397
Marketing and selling	-103	-101
Research and development	-63	-66
Administration	-97	-106
Other income	16	17
Other expense	-9	-16
Result before interest and taxes (EBIT)	113	125
Financial income	14	18
Financial expenses	-25	-23
Result before taxes (EBT)	103	120
Income taxes	-28	-32
Net result	75	88
Attributable to:		
Shareholders of the parent	75	86
Non-controlling interests	-	3
Earnings per share in CHF	0.23	0.26
Diluted earnings per share in CHF	0.23	0.26
EBITDA	224	237
Operational EBIT¹	118	139
Operational EBITDA¹	227	249

¹ Operational EBIT and operational EBITDA from prior year are restated for discontinued activities (refer to Reconciliation of Operational Figures).

Consolidated Statement of Comprehensive Income

in CHF million	January 1 to June 30, 2023, unaudited	January 1 to June 30, 2022, unaudited
Net result	75	88
Other comprehensive income		
Items that will never be reclassified to the income statement		
Remeasurement of defined benefit plans	2	16
Income taxes on items that will never be reclassified to the income statement	-1	-15
	1	1
Items that are or may be reclassified subsequently to the income statement		
Gains and losses from hedging	-2	-7
Conversion differences	-58	-25
Income taxes on items that are or may be reclassified subsequently to the income statement	1	2
	-59	-30
Other comprehensive income for the period, net of taxes	-59	-29
Total comprehensive income for the period	15	59
Attributable to:		
Shareholders of the parent	17	58
Non-controlling interests	-2	1

Consolidated Balance Sheet

Assets

in CHF million	June 30, 2023, unaudited	December 31, 2022
Cash and cash equivalents	492	463
Current financial investments and derivatives	28	17
Trade and trade notes receivable	489	434
Current contract assets	48	38
Other receivables	95	98
Current income tax receivables	26	19
Inventories	534	504
Prepaid expenses and accrued income	33	24
Current assets	1 746	1 597
Loans and other non-current financial receivables	40	26
Non-current financial investments	42	42
Property, plant and equipment	526	523
Right-of-use assets	209	182
Goodwill and intangible assets	1 856	1 445
Post-employment benefit assets	–	–
Deferred tax assets	129	117
Non-current contract assets	4	6
Non-current assets	2 806	2 339
Total assets	4 551	3 937

Liabilities and Equity

in CHF million	June 30, 2023, unaudited	December 31, 2022
Trade payables	355	400
Current contract liabilities	230	359
Current lease liabilities	33	29
Current financial liabilities and derivatives	302	161
Other current liabilities	111	121
Accrued liabilities	236	240
Current income taxes payable	42	43
Current post-employment benefit liabilities	19	18
Other current provisions	87	91
Current liabilities	1 415	1 462
Non-current lease liabilities	185	163
Non-current financial liabilities	1 264	604
Other non-current liabilities	2	7
Non-current post-employment benefit liabilities	204	209
Deferred tax liabilities	200	130
Other non-current provisions	60	46
Non-current liabilities	1 916	1 158
Total liabilities	3 331	2 620
Share capital	340	340
Treasury shares	–131	–134
Retained earnings and reserves	969	1 069
Equity attributable to shareholders of the parent	1 178	1 274
Non-controlling interests	42	42
Total equity	1 220	1 316
Total liabilities and equity	4 551	3 937

Consolidated Cash Flow Statement

in CHF million	January 1 to June 30, 2023, unaudited	January 1 to June 30 2022, unaudited
Net result	75	88
Income taxes	28	32
Interest expense (net)	16	6
Depreciation of property, plant and equipment	46	48
Depreciation of right-of-use assets	20	19
Amortization of intangible assets	44	44
Addition to/release of provisions	3	-8
Impairment losses on property, plant and equipment	-	1
Impairment losses on intangible assets	1	-
Impairment losses on non-current receivables	-	10
Decrease in post-employment benefit liabilities	-6	-4
Income taxes paid	-46	-24
Share-based payments	2	3
Other non-cash items	-5	-15
Cash flow from operating activities before changes in net current assets	176	199
Increase in receivables, contract assets and prepaid expenses	-46	-64
Increase in inventories	-2	-123
Decrease/increase in payables, accrued liabilities and use of provisions	-80	9
Decrease in contract liabilities	-118	-12
Non-cash impact on net current assets due to hedge accounting	-9	13
Cash flow from changes in net current assets	-255	-178
Cash flow from operating activities	-79	22
Purchase of property, plant and equipment	-31	-26
Proceeds from sale of property, plant and equipment	2	2
Purchase of intangible assets	-22	-21
Disposal of Group companies, net of cash disposed	-	-1
Acquisition of subsidiaries, net of cash acquired	-354	-1
Proceeds from marketable securities	2	-
Granting of/proceeds from loans and other non-current financial receivables	-15	1
Purchase of/proceeds from financial investments	-3	2
Interest received	5	4
Cash flow from investing activities	-416	-41
Dividends paid	-114	-115
Purchase of treasury shares	-	-20
Repayment of financial debt	-112	-9
Proceeds from financial debt	810	94
Principal elements of lease payments	-19	-17
Repayment of financial liabilities	-2	-
Interest paid	-17	-9
Cash flow from financing activities	545	-77
Conversion adjustments to cash and cash equivalents	-21	-3
Increase/decrease in cash and cash equivalents	29	-99
Cash and cash equivalents at the beginning of the period	463	601
Cash and cash equivalents at the end of the period	492	502
Increase/decrease in cash and cash equivalents	29	-99

Consolidated Statement of Changes in Equity

in CHF million	Share capital ¹	Additional paid-in capital	Treasury shares	Conversion differences	Retained earnings	Hedge accounting	Fair value adjustment	Income taxes	Total equity attributable to shareholders	Non-controlling interests	Total shareholders' equity
Balance at January 1, 2022	340	558	-120	-291	838	5	9	86	1 424	45	1 469
Net result	-	-	-	-	86	-	-	-	86	3	88
Gains and losses from hedging	-	-	-	-	-	-7	-	2	-5	-	-5
Remeasurement of defined benefit plans	-	-	-	-	16	-	-	-15	1	-	1
Conversion differences	-	-	-	-23	-	-	-	-	-23	-1	-25
Other comprehensive income for the period	-	-	-	-23	16	-7	-	-13	-28	-1	-29
Total comprehensive income for the period	-	-	-	-23	102	-7	-	-13	58	1	59
Dividend distributions	-	-	-	-	-114	-	-	-	-114	-1	-115
Share-based payments	-	-	5	-	-2	-	-	-	3	-	3
Purchase of treasury shares ²	-	-	-20	-	-	-	-	-	-20	-	-20
Contributions and distributions	-	-	-15	-	-116	-	-	-	-131	-1	-132
Total transactions with owners of the company	-	-	-15	-	-113	-	-	-	-128	-1	-129
Balance at June 30, 2022	340	558	-134	-314	827	-2	9	72	1 354	45	1 399
Balance at January 1, 2023	340	558	-134	-377	814	-2	-1	79	1 274	42	1 316
Net result	-	-	-	-	75	-	-	-	75	-	75
Gains and losses from hedging	-	-	-	-	-	-2	-	1	-2	-	-2
Remeasurement of defined benefit plans	-	-	-	-	2	-	-	-1	1	-	1
Conversion differences	-	-	-	-57	-	-	-	-	-57	-1	-58
Other comprehensive income for the period	-	-	-	-57	2	-2	-	-	-58	-1	-59
Total comprehensive income for the period	-	-	-	-57	76	-2	-	-	17	-2	15
Capital increase	-	-	-	-	-	-	-	-	-	2	2
Dividend distributions	-	-	-	-	-114	-	-	-	-114	-1	-114
Share-based payments	-	-	4	-	-2	-	-	-	2	-	2
Contributions and distributions	-	-	4	-	-115	-	-	-	-112	1	-111
Total transactions with owners of the company	-	-	4	-	-115	-	-	-	-112	1	-111
Balance at June 30, 2023	340	558	-131	-435	774	-5	-1	80	1 178	42	1 220

¹ The share capital of OC Oerlikon Corporation AG, Pfäffikon, consists of 339 758 576 fully paid registered shares (previous year: 339 758 576) of a nominal value of CHF 1 each.

Significant Accounting Principles

Company operations

OC Oerlikon Corporation AG, Pfäffikon, is a Swiss public company located in Churerstrasse 120, Pfäffikon, canton of Schwyz, Switzerland. It is the ultimate parent company of the Oerlikon Group, a leading high-tech industrial Group that provides innovative industrial solutions and cutting-edge technologies for surface solutions and polymer processing solutions.

Basis of preparation

The unaudited consolidated interim financial statements of OC Oerlikon Corporation AG, Pfäffikon, for the first half of 2023 are presented in a condensed form and have been prepared in accordance with IAS 34 Interim Financial Reporting and Swiss company law. These accounting standards have been applied consistently in all periods presented in this report. The reporting period is six months. The consolidated income statement shows operating costs grouped by function. Assets and liabilities in the consolidated balance sheet are classified as current or non-current. The consolidated interim financial statements do not include all the details contained in the consolidated annual financial statements and should therefore be read in conjunction with the annual consolidated financial statements as of December 31, 2022. The consolidated interim financial statements were approved by the Board of Directors on August 2, 2023.

All amounts in the consolidated interim financial statements are presented in millions of Swiss francs (CHF million) and all amounts (including totals and subtotals) have been rounded according to normal commercial practice. Thus, an addition of the figures presented can result in rounding differences.

The accounting policies in the consolidated interim financial statements match those applied in the audited annual consolidated financial statements as of December 31, 2022.

Adoption of new and revised accounting standards

No new or amended standards or interpretations effective for the financial year beginning on January 1, 2023, had a significant impact on the Group's consolidated financial statements.

Newly published accounting standards not early adopted

Certain new accounting standards and interpretations have been published by the IASB that are not mandatory for the reporting period beginning on January 1, 2023, yet and that have not been early adopted by the Oerlikon Group. None of them is expected to have a material impact on the Group's financial statements.

Segment Information

in CHF million	Surface Solutions Division		Polymer Processing Solutions Division		Total Divisions	
	2023	2022	2023	2022	2023	2022
Order intake	777	724	561	839	1338	1563
Order backlog	241	219	398	619	639	838
Sales						
Sales to third parties	761	680	676	752	1437	1432
Sales to other divisions	3	4	–	–	3	4
Eliminations	–3	–4	–	–	–3	–4
	761	680	676	752	1437	1432
Sales to third parties by market region						
Asia/Pacific	206	211	514	555	720	766
Europe	381	309	99	122	480	432
Americas	174	159	63	75	237	234
	761	680	676	752	1437	1432
Sales to third parties by location						
Asia/Pacific	181	185	285	283	465	468
thereof China	58	63	275	273	333	336
Europe	408	331	363	441	771	772
thereof Switzerland/Liechtenstein	61	50	–	–	61	50
thereof Germany	164	160	336	389	500	549
Americas	173	164	28	28	201	192
thereof USA	145	134	26	26	170	161
	761	680	676	752	1437	1432
Timing of revenue recognition						
At a point in time	761	680	279	316	1041	996
Transferred over time	–	–	397	436	397	436
	761	680	676	752	1437	1432
Capital expenditure for property, plant and equipment and intangible assets¹						
Asia/Pacific	5	2	2	1	7	4
Europe	22	16	7	9	29	25
Americas	7	8	–	–	8	8
	34	26	10	11	44	36
Operational EBITDA⁴	122	124	99	124	221	247
Operational EBIT⁴	47	48	73	95	120	143
Other material items						
Research and development expense	–42	–45	–21	–21	–63	–66
Depreciation and amortization	–76	–77	–26	–29	–102	–106
Impairment of property, plant and equipment and right-of-use assets	–	–1	–	–	–	–1
Impairment of intangible assets	–1	–	–	–	–1	–
Restructuring income/expense	–	–	–	–	–	–1
Net operating assets	30.06.23	31.12.22	30.06.23	31.12.22	30.06.23	31.12.22
Operating assets ²	2419	1848	1331	1344	3750	3192
Operating liabilities ³	–322	–297	–714	–900	–1036	–1197
	2097	1551	617	444	2714	1995
Number of employees (full-time equivalents)⁴	30.06.23	31.12.22	30.06.23	31.12.22	30.06.23	31.12.22
Asia/Pacific	1709	1775	1613	1672	3322	3446
Europe	5202	4111	2379	2474	7581	6585
Americas	1626	1634	179	183	1805	1817
	8537	7519	4171	4329	12709	11848

	Group/ Eliminations		Total	
	2023	2022	2023	2022
	-	-	1 338	1 563
	-	-	639	838
	-	-	1 437	1 432
	-3	-4	-	-
	3	4	-	-
	-	-	1 437	1 432
	-	-	720	766
	-	-	480	432
	-	-	237	234
	-	-	1 437	1 432
	-	-	465	468
	-	-	333	336
	-	-	771	772
	-	-	61	50
	-	-	500	549
	-	-	201	192
	-	-	170	161
	-	-	1 437	1 432
	-	-	1 041	996
	-	-	397	436
	-	-	1 437	1 432
	-	-	7	4
	8	10	37	35
	-	-	8	8
	8	10	52	46
	5	2	227	249
	-2	-4	118	139
	-	-	-63	-66
	-7	-6	-109	-112
	-	-	-	-1
	-	-	-1	-
	-	-	-	-1
	30.06.23	31.12.22	30.06.23	31.12.22
	123	111	3 873	3 304
	-36	-44	-1 072	-1 241
	87	68	2 801	2 063
	30.06.23	31.12.22	30.06.23	31.12.22
	100	54	3 422	3 500
	280	282	7 861	6 867
	-	-	1 805	1 817
	380	336	13 089	12 184

Segment Information

The Group consists of the following reportable segments:

- The "Surface Solutions Division" is a world-leading supplier of advanced materials and surface technologies for components and tools used in a wide range of industrial applications where superior materials and surface performance are required.
- The Polymer Processing Solutions Division is a world market leader for solutions and systems used to manufacture manmade fibers that enable customers to produce high-quality synthetic fibers.

The segment reporting of the Oerlikon Group is in accordance with the "management approach" and based on the internal structure and reporting. The Chief Executive Officer (CEO)/Executive Chairman (from July 1, 2022) performs the function of the Chief Operating Decision Maker (CODM), assesses performance and makes resource allocation decisions.

The internal reporting to the CODM is based on uniform Group accounting principles, which correspond to those used in the consolidated financial statements. Intersegment pricing is determined on an arm's length basis.

¹ Does not include non-current assets acquired through business combinations.

² Operating assets include total assets without cash and cash equivalents, current financial investments, current income tax receivables and deferred tax assets.

³ Operating liabilities include total liabilities without financial and lease liabilities, current income taxes payable, non-current post-employment benefit liabilities and deferred tax liabilities.

⁴ Operational EBITDA and operational EBIT are adjusted by effects from discontinued activities not qualifying as discontinued operations from the ePD inline business and from the discontinuation of the Russian operations. For comparability reasons, prior year figures have been adjusted for the ePD inline business.

Reconciliation of Operational Figures

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in CHF million		Operational figures	Restructuring ¹	Discontinued activities ²	Impairments ³	Acquisition and integration costs	Unadjusted figures
Surface Solutions Division	Sales	761	–	–	–	–	761
	EBITDA	122	–	–1	–	–1	120
	EBIT	47	–	–3	–	–1	43
Polymer Processing Solutions Division	Sales	676	–	–	–	–	676
	EBITDA	99	–	–	–	–	99
	EBIT	73	–	–	–	–	73
Total Divisions	Sales	1437	–	–	–	–	1437
	EBITDA	221	–	–1	–	–1	219
	EBIT	120	–	–3	–	–1	116
Group/ Eliminations	Sales	–	–	–	–	–	–
	EBITDA	5	–	–	–	–	5
	EBIT	–2	–	–	–	–	–2
Total	Sales	1437	–	–	–	–	1437
	EBITDA	227	–	–1	–	–1	224
	EBIT	118	–	–3	–	–1	113

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in CHF million		Operational figures ⁴	Restructuring ¹	Discontinued activities ²	Impairments ³	Acquisition and integration costs	Unadjusted figures
Surface Solutions Division	Sales	680	–	–	–	–	680
	EBITDA	124	–	–6	–	–	118
	EBIT	48	–	–7	–	–	40
Polymer Processing Solutions Division	Sales	752	–	–	–	–	752
	EBITDA	124	–	–	–	–	123
	EBIT	95	–	–	–	–	94
Total Divisions	Sales	1432	–	–	–	–	1432
	EBITDA	247	–1	–6	–	–	241
	EBIT	143	–1	–7	–	–	134
Group/ Eliminations	Sales	–	–	–	–	–	–
	EBITDA	2	–	–	–	–5	–3
	EBIT	–4	–	–	–	–5	–9
Total	Sales	1432	–	–	–	–	1432
	EBITDA	249	–1	–6	–	–5	237
	EBIT	139	–1	–7	–	–5	125

¹ Expenses related to restructuring mainly include personnel costs.

² Effects from discontinued activities not qualifying as discontinued operations, include the ePD inline business and the effects of the discontinuation of the Russian operations.

³ Impairments related to restructuring.

⁴ Operational EBITDA and Operational EBIT from prior year are restated by effects from discontinued activities not qualifying as discontinued operations from the ePD inline business.

Alternative performance measures

The alternative performance measures used by the Oerlikon Group are defined as follows:

Operational EBITDA: operational EBITDA is defined as EBITDA, adjusted by expenses directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates as well as acquisition and integration costs.

Operational EBIT: operational EBIT is defined as EBIT, adjusted by expenses and impairments directly related to restructuring activities, effects from discontinued activities not qualifying as discontinued operations, impairments on associates, goodwill and intangible assets acquired in a business combination as well as acquisition and integration costs.

Acquisitions and Divestments

Acquisition in the first half of 2023

On February 28, 2023, Oerlikon has successfully closed the acquisition of Riri, following the signing of the agreement on December 15, 2022. Riri is a leading provider of coated metal accessories for the luxury fashion industry. This acquisition expands Oerlikon's foothold in the luxury market and together with Coeurdor, which was acquired in 2021 creates a leading platform in luxury metalware.

The total purchase consideration for the acquisition of Riri amounts to CHF 363 million and includes CHF 250 million paid in cash for the shares and CHF 113 million paid in cash for a convertible debt instrument.

Contingent liabilities of CHF 16 million have been recognized, primarily due to potential tax and environmental risks.

The goodwill of CHF 211 million arising from the acquisition is mainly attributable to the strengthening of Oerlikon's market position in the luxury market and expected synergies from combining the operations of the acquired business with the Oerlikon Group. None of the goodwill is expected to be deductible for income tax purposes.

Acquisition-related costs amounting to less than CHF 1 million have been recognized under other expense in the consolidated income statement for the for the six-month period ended June 30, 2023.

The following table summarizes the fair value of consideration, as well as assets acquired and liabilities assumed at the date of the acquisition:

in CHF million	February 28, 2023
Cash consideration for shares	250
Cash consideration for convertible debt instrument paid to former owners	113
Total	363

Recognized amounts of identifiable assets acquired and liabilities assumed

in CHF million	February 28, 2023
Cash and cash equivalents	11
Current financial investments	3
Trade and other receivables and prepaid expenses	40
Current income tax receivables	2
Inventories	39
Loans and other non-current financial receivables	7
Property, plant and equipment	34
Right-of-use assets	27
Intangible assets	255
Deferred tax assets	6
Trade payables	-25
Current lease liabilities	-3
Current financial liabilities and derivatives	-4
Other current payables and accrued liabilities	-17
Current income tax payable	-5
Non-current lease liabilities	-22
Non-current loans and borrowings ¹	-108
Non-current post-employment benefit liabilities	-3
Deferred tax liabilities	-70
Non-current provisions	-16
Total identifiable net assets	152
Goodwill	211
Total net assets	363

¹Financial liabilities of CHF 101 million have been repaid at the acquisition of Riri.

The above amounts represent the preliminary allocation of the purchase price. Due to the timing of the acquisition, certain information required to complete the final purchase price allocation remains outstanding.

From the date of acquisition until June 30, 2023, Riri contributed CHF 61 million in total sales and CHF 1 million in net income to the Oerlikon Group. Had the transaction taken place at January 1, 2023, the Group's total sales and net income for the six-month period ended June 30, 2023, would have amounted to approximately CHF 1 469 million and CHF 73 million, respectively. These amounts have been determined based on the assumption that the fair value adjustments at the acquisition date, determined provisionally, would have been the same at January 1, 2023.

Cash flows from acquisitions of subsidiaries

in CHF million

June 30, 2023

Cash consideration for shares	-250
Cash consideration for convertible debt instrument paid to former owners	-113
Cash acquired	11
Payments for acquisitions in prior years	-2
Total cash flows from acquisitions, net of cash acquired	-354

RevenueDisaggregation of revenue from contracts with customers by segment and market¹:

in CHF million	Surface Solutions Division		Polymer Processing Solutions Division		Total	
	January 1 to June 30, 2023	January 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022	January 1 to June 30, 2023	January 1 to June 30, 2022
Automotive	174	184	-	-	174	184
Aviation	105	85	-	-	105	85
Energy	42	36	-	-	42	36
Filament	-	-	399	471	399	471
Flow Control	-	-	103	103	103	103
General Industry	185	158	-	-	185	158
Industrial and Interiors	-	-	88	75	88	75
Nonwoven and Plant Engineering	-	-	85	103	85	103
Luxury	83	23	-	-	83	23
Tooling	172	195	-	-	172	195
Total revenue from contracts with customers	761	680	676	752	1437	1432

¹ Luxury was added as an additional market in 2023. For comparability reasons, prior year figures have been adjusted accordingly.

Financial Instruments

The carrying amounts and fair values of financial assets and liabilities as of June 30, 2023, including their levels in the fair value hierarchy, are as follows:

in CHF million	Carrying amount						Fair value		
	Fair value – through other comprehensive income	Fair value – through profit & loss	Amortized cost ¹	Total financial assets/liabilities	Non-financial assets/liabilities	Total balance sheet position	Level 1	Level 2	Level 3
Cash, postal and bank current accounts	-	-	194	194	-	194	-	-	-
Time deposits	-	-	218	218	-	218	-	-	-
Money market funds ²	-	-	80	80	-	80	-	-	-
Cash and cash equivalents³	-	-	492	492	-	492			
Debt and equity securities	-	10	-	10	-	10	10	-	-
Deposits	-	-	7	7	-	7	-	-	-
Foreign exchange contracts	4	7	-	11	-	10	-	11	-
Current financial investments and derivatives	4	17	7	28	-	28	10	11	-
Trade and trade notes receivable	-	-	489	489	-	489			
Advances on inventory	-	-	-	-	29	29	-	-	-
Other current receivables ⁴	-	-	-	-	66	66	-	-	-
Other receivables	-	-	-	-	95	95			
Loans and non-current financial receivables	-	-	22	22	-	22	-	-	-
Other non-current receivables	-	-	-	-	18	18	-	-	-
Loans and other non-current receivables	-	-	22	22	18	40			
Investments in associates and joint arrangements	-	-	-	-	25	25	-	-	-
Other investments ⁵	17	-	-	17	-	17	-	-	17
Non-current financial investments	17	-	-	17	25	42	-	-	17
Total	28	10	1011	1048	138	1185	10	11	17
Trade payables	-	-	355	355	-	355			
Foreign exchange contracts	6	4	-	10	-	10	-	10	-
Bonds	-	-	150	150	-	150	150	-	-
Current loans and borrowings	-	-	141	141	-	141	-	-	-
Current financial liabilities and derivatives	6	4	291	302	-	302	150	10	-
Other operating payables ⁴	-	-	-	-	79	79	-	-	-
Other current liabilities	-	32	-	32	-	32	-	-	32
Other current liabilities	-	32	-	32	79	111	-	-	32
Accrued personnel expenses	-	-	-	-	85	85	-	-	-
Accrued material expenses	-	-	64	64	-	64	-	-	-
Other accrued liabilities ⁶	-	-	87	87	-	87	-	-	-
Accrued liabilities	-	-	151	151	85	236			
Bonds	-	-	787	787	-	787	749	-	-
Non-current loans and borrowings	-	-	477	477	-	477	-	-	-
Non-current financial liabilities	-	-	1264	1264	-	1264	749	-	-
Other non-current liabilities	-	2	-	2	-	2	-	-	2
Total	6	38	2062	2106	165	2271	899	10	34

¹ With the exception of the bonds, the Group has not disclosed the fair values for financial assets and liabilities measured at amortized cost because their carrying amounts are a reasonable approximation of fair values.

² Investment-grade rated money market funds available on a daily basis.

³ CHF 259 million of total cash and cash equivalents are held in countries in which local exchange control regulations with regard to capital export exist. If the Group complies with legal and tax regulations, such liquid funds are at its disposition within a reasonable period of time.

⁴ Mainly include receivables from and payables to tax authorities (VAT).

⁵ Mainly include a 12.62 % investment in Kinexon Beteiligungsgesellschaft mbH (an unquoted equity instrument) of CHF 17 million that is carried at fair value through other comprehensive income.

⁶ Contains mainly accrued expenses for services.

The carrying amounts and fair values of financial assets and liabilities as of December 31, 2022, including their levels in the fair value hierarchy, are as follows:

in CHF million	Carrying amount						Fair value		
	Fair value – through other comprehensive income	Fair value – through profit & loss	Amortized cost ¹	Total financial assets/liabilities	Non-financial assets/liabilities	Total balance sheet position	Level 1	Level 2	Level 3
Cash, postal and bank current accounts	–	–	179	179	–	179			
Time deposits	–	–	150	150	–	150			
Money market funds ²	–	–	135	135	–	135			
Cash and cash equivalents³	–	–	463	463	–	463			
Debt and equity securities	–	9	–	9	–	9	9	–	–
Deposits	–	–	4	4	–	4	–	–	–
Foreign exchange contracts	4	–	–	4	–	4	–	4	–
Current financial investments and derivatives	4	9	4	17	–	17	9	4	–
Trade and trade notes receivable	–	–	434	434	–	434			
Advances on inventory	–	–	–	–	32	32			
Other current receivables ⁴	–	–	–	–	66	66			
Other receivables	–	–	–	–	98	98			
Loans and non-current financial receivables	–	–	7	7	–	7			
Other non-current receivables	–	–	–	–	18	18			
Loans and other non-current receivables	–	–	7	7	18	26			
Investments in associates and joint arrangements	–	–	–	–	25	25	–	–	–
Other investments ⁵	17	–	–	17	–	17	–	–	17
Non-current financial investments	17	–	–	17	25	42	–	–	17
Total	21	9	909	939	140	1080	9	4	17
Trade payables	–	–	400	400	–	400			
Foreign exchange contracts	6	4	–	10	–	10	–	10	–
Current loans and borrowings	–	–	151	151	–	151	–	–	–
Current financial liabilities and derivatives	6	4	151	161	–	161	–	10	–
Other operating payables ⁴	–	–	–	–	87	87	–	–	–
Other current liabilities	–	34	–	34	–	34	–	–	34
Other current liabilities	–	34	–	34	87	121	–	–	34
Accrued personnel expenses	–	–	–	–	93	93			
Accrued material expenses	–	–	58	58	–	58			
Other accrued liabilities ⁶	–	–	89	89	–	89			
Accrued liabilities	–	–	147	147	93	240			
Bonds	–	–	599	599	–	599	599	–	–
Non-current loans and borrowings	–	–	5	5	–	5	–	–	–
Non-current financial liabilities	–	–	604	604	–	604	599	–	–
Other non-current liabilities	–	4	2	7	–	7	–	–	4
Total	6	42	1304	1352	93	1445	599	10	38

¹ With the exception of the bonds, the Group has not disclosed the fair values for financial assets and liabilities measured at amortized cost because their carrying amounts are a reasonable approximation of fair values

² Investment-grade rated money market funds available on a daily basis.

³ CHF 332 million of total cash and cash equivalents are held in countries in which local exchange control regulations with regard to capital export exist. If the Group complies with legal and tax regulations, such liquid funds are at its disposition within a reasonable period of time.

⁴ Mainly include receivables from and payables to tax authorities (VAT).

⁵ Mainly include a 12.62 % investment in Kinexon Beteiligungsgesellschaft mbH (an unquoted equity instrument) of CHF 17 million that is carried at fair value through other comprehensive income.

⁶ Contains mainly accrued expenses for services.

Provisions

in CHF million	Product warranties	Acquiree's contingent liabilities ¹	Restructuring ²	Other provisions ³	Total
Balance at January 1, 2023	19	33	56	29	137
Conversion differences	-1	-1	-1	-	-2
Change in the scope of consolidated companies	-	16	-	1	16
Additions ⁴	3	-	-	3	6
Amounts used	-1	-	-3	-2	-6
Amounts reversed	-1	-	-	-2	-3
Balance at June 30, 2023	19	49	52	28	147
of which:					
Due within 1 year	19	-	52	17	87
Due beyond 1 year	1	49	-	11	60

¹ Acquiree's contingent liabilities pertain to the Surface Solutions Division (CHF 33 million) and to the Polymer Processing Solutions Division (CHF 16 million). The additions in the Surface Solutions Division have been recognized primarily due to potential tax and environmental risks from the Riri acquisition. Any potential cash outflow is estimated to occur during the next 2 to 10 years. The remaining contingent liabilities in the Surface Solutions Division have been recognized primarily due to several environmental liabilities and potential tax risks. Any potential cash outflow is estimated to occur during the next 10 years. The related indemnification asset amounts to CHF 2 million (year end: CHF 2 million). In the Polymer Processing Solutions Division the contingent liabilities have been recognized primarily due to potential tax and environmental risks. Any potential cash outflow is estimated to occur during the next 5 years. The selling shareholders have contractually agreed to indemnify Oerlikon for these risks.

² The restructuring provisions pertain to the Surface Solutions Division (CHF 3 million) and to the Polymer Processing Solutions Division (CHF 49 million). The provisions mainly relate to productivity programs, primarily aimed at reducing costs in the Divisions. The provisions mostly relate to personnel expenses.

³ Consists mainly of provisions for pending litigation, technical risks, onerous contracts as well as environmental and tax risks.

⁴ Includes unwinding of discount for non-current provisions.

Subsequent Events

No events occurred between the balance sheet date and the date on which this report was approved by the Board of Directors that could have a significant impact on the consolidated financial statements as of June 30, 2023.

This interim (half-year) report is only available in English and is the binding version.

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