

# Oerlikon Investor Presentation

March 2022



# Oerlikon is a Market Leading Industrial Technology Group Delivering Sustainable Innovation for Key Industries



## #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 DNA



Strong  
Financial Base

- Solid balance sheet and cash generative
- 16 – 18% operational EBITDA margin ambition
- ROCE to target double-digit levels in the medium term

## 48%

Sales in Surface  
Solutions

- Technology and market leader in coating materials, equipment and services
- High structural growth opportunities
- Operational improvement programs to boost profitability & capital efficiency



Disciplined  
Capital Allocation

- CHF ~900m returned to shareholders since 2016
- Delivering value enhancing M&A with 20 acquisitions made since 2016
- Focus on accretive small- to mid-sized M&A with retained capability for transformational deals

## 52%

Sales in Polymer  
Processing  
Solutions

- Technology and market leader in systems & plants used for polymer processing, such as manmade fiber production plants
- Polymer processing know-how provides structural growth and diversifies the Division in Non-Filament areas
- Highly profitable and cash generative

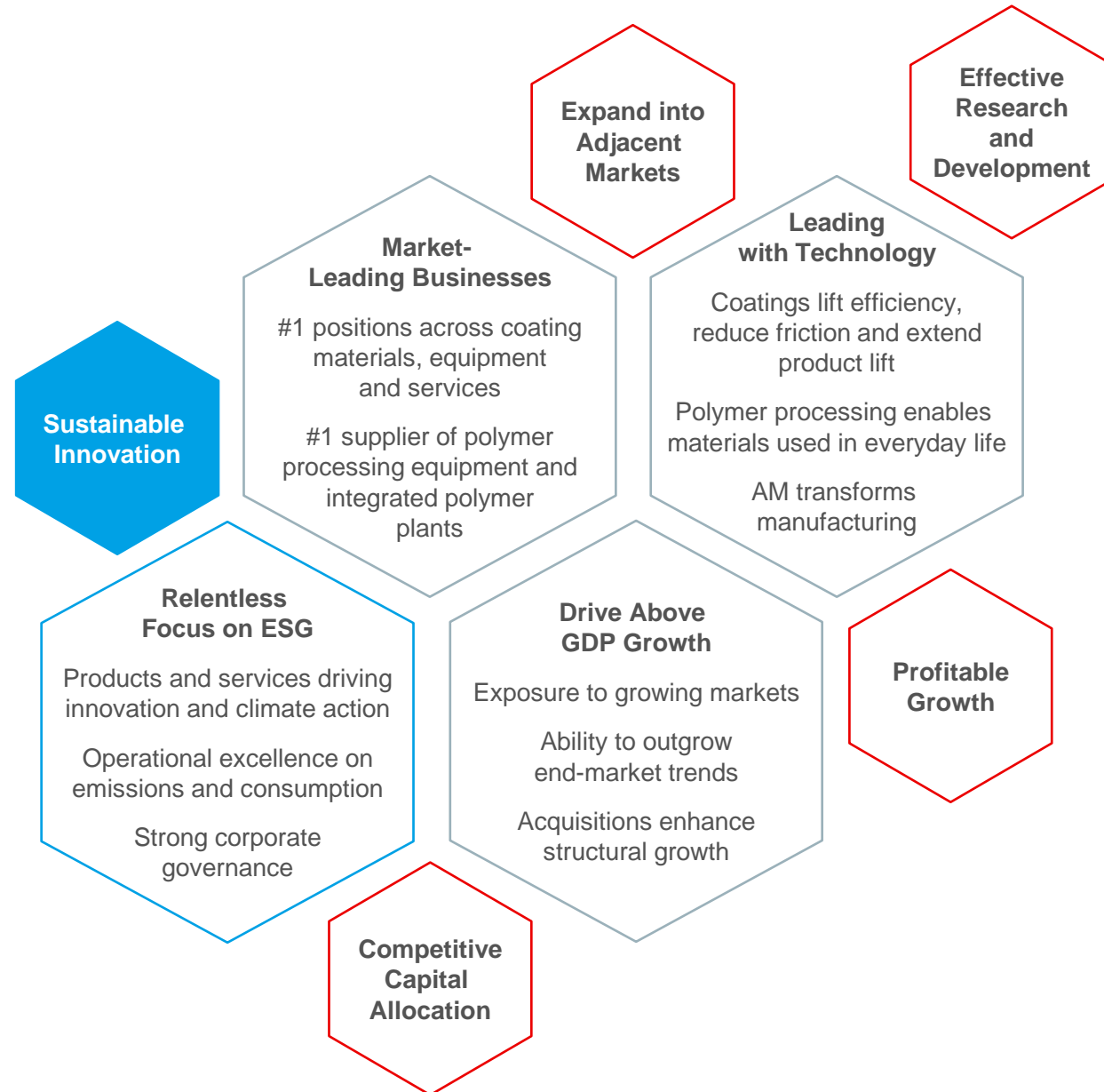


Driving ESG and  
Sustainability

- Reducing environmental impact is at the heart of the technology portfolio
- Rated AA for MSCI and 28 for Sustainalytics
- Ambitious 2030 performance targets show ESG commitment

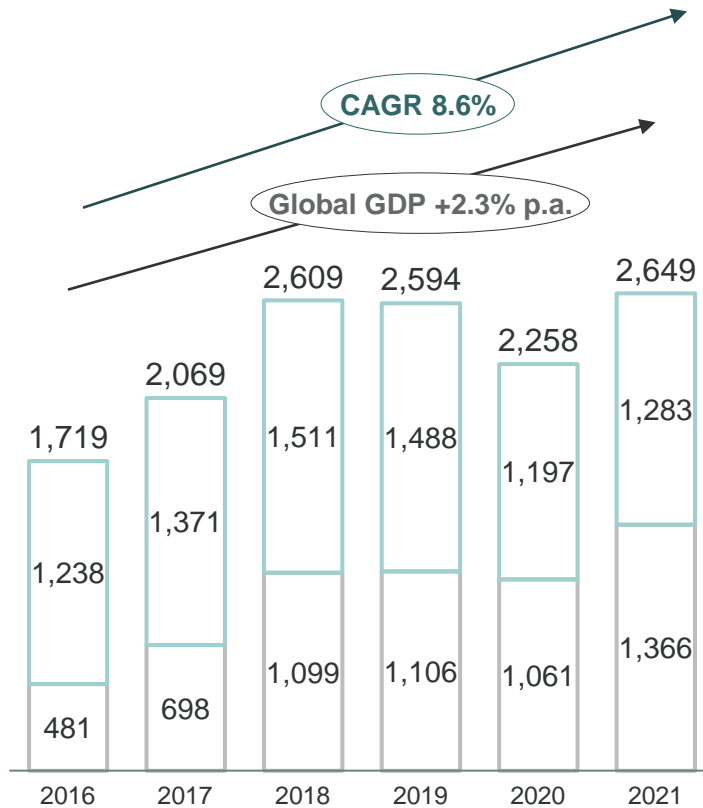
► **Growth driven by sustainability megatrends with value creation opportunities**

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

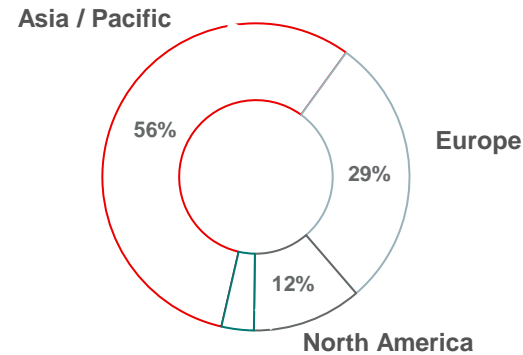


## Group Sales

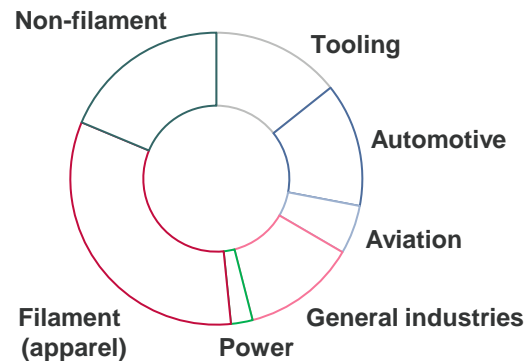
- Surface Solutions
- Polymer Processing Solutions



## Sales by Region



## Sales by End Markets

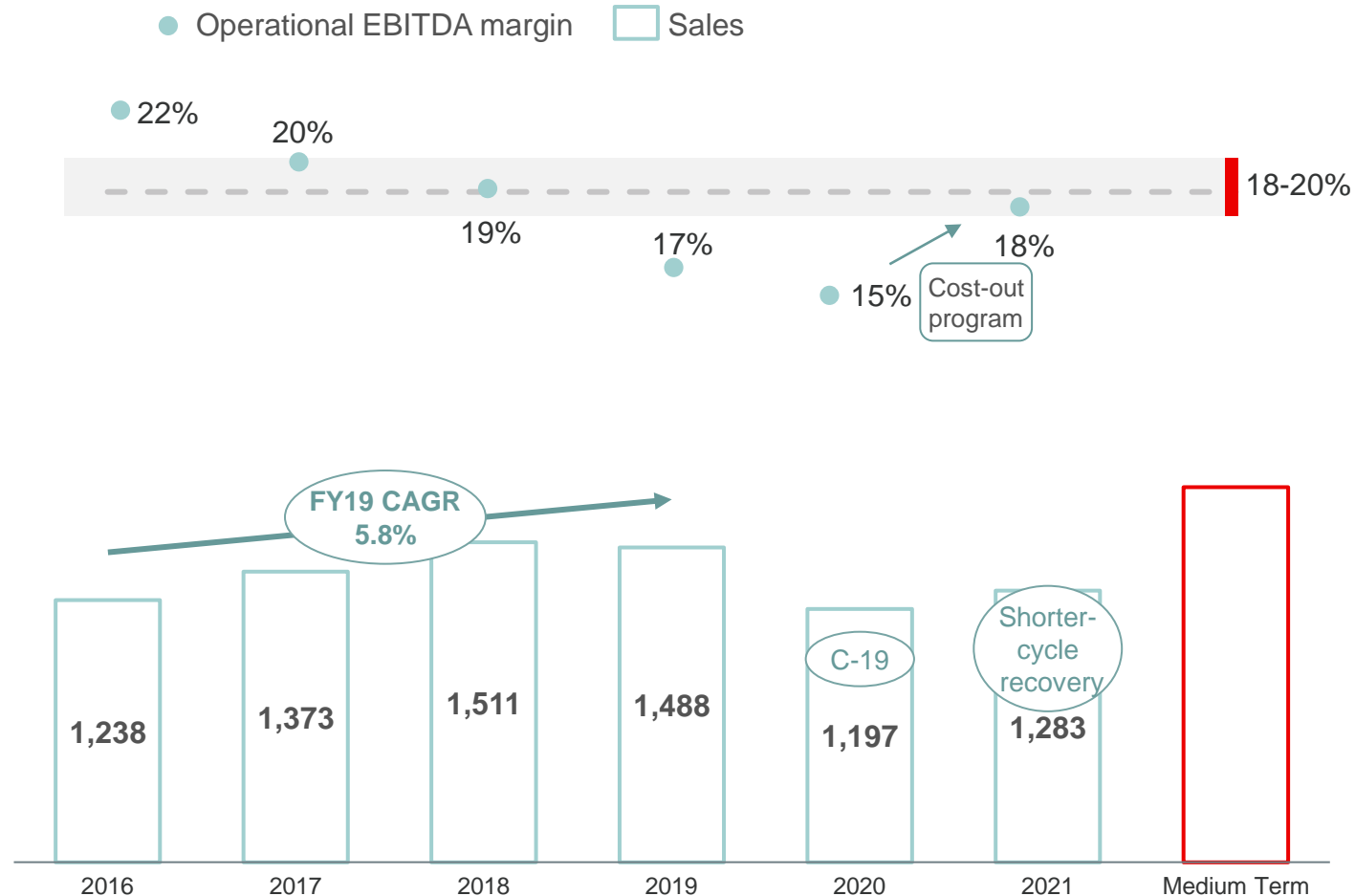


## Value Catalysts

- 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

GDP based on IMF  
Group growth CAGR excluding FX effects

# Surface Solutions Focusing on Profitable Structural Growth



## #1 in Coating

- Integrated offering: coating services, materials and equipment
- Largest global service network

## Technology Leadership

- Technical advantage with pricing power
- Incl. thin-film, thermal spray
- Additive manufacturing

## Structural Growth Above GDP

- Track record of structural growth
- Driven by end-market growth, innovation, sustainability megatrend, as well as new applications, industries and geographies
- Enhanced by M&A

## ESG

- Environmentally friendly technology
- Support customers in meeting their sustainability targets: coatings reduce weight and increase efficiency and lifetime

CAGR FX adjusted

# Sustainable Innovation Driving Growth Across Surface Technologies Portfolio

## 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

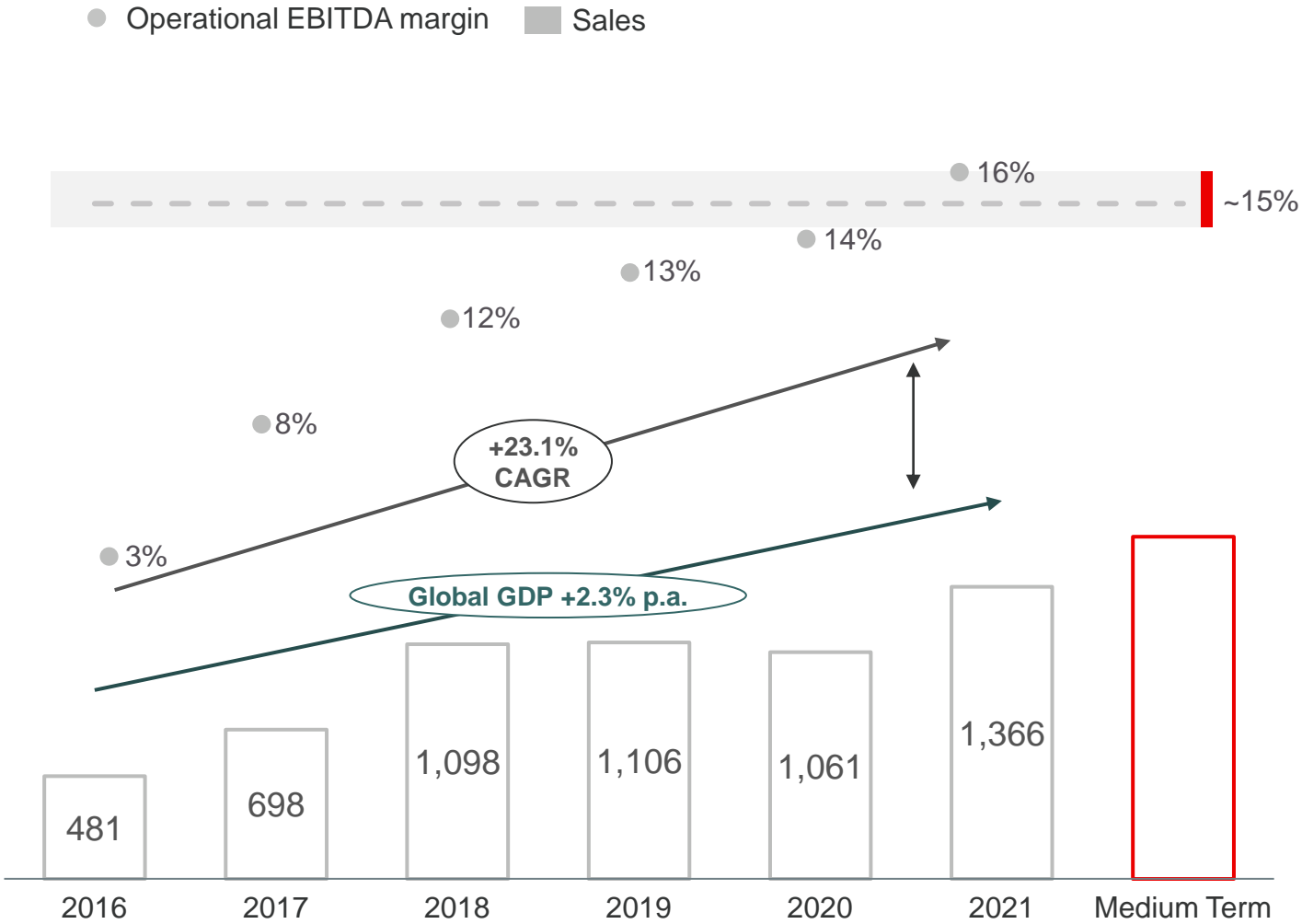
~(3)%

FY 16 – 19  
CAGR

+

Long-term Growth  
Potential

# Polymer Processing Solutions With Solid Growth



GDP based on IMF  
CAGR FX adjusted

## #1 Market Position

- Leader in systems & plants used for polymer processing, such as manmade fiber production plants
- Trusted long-term supplier
- Diversified polymer processing applications

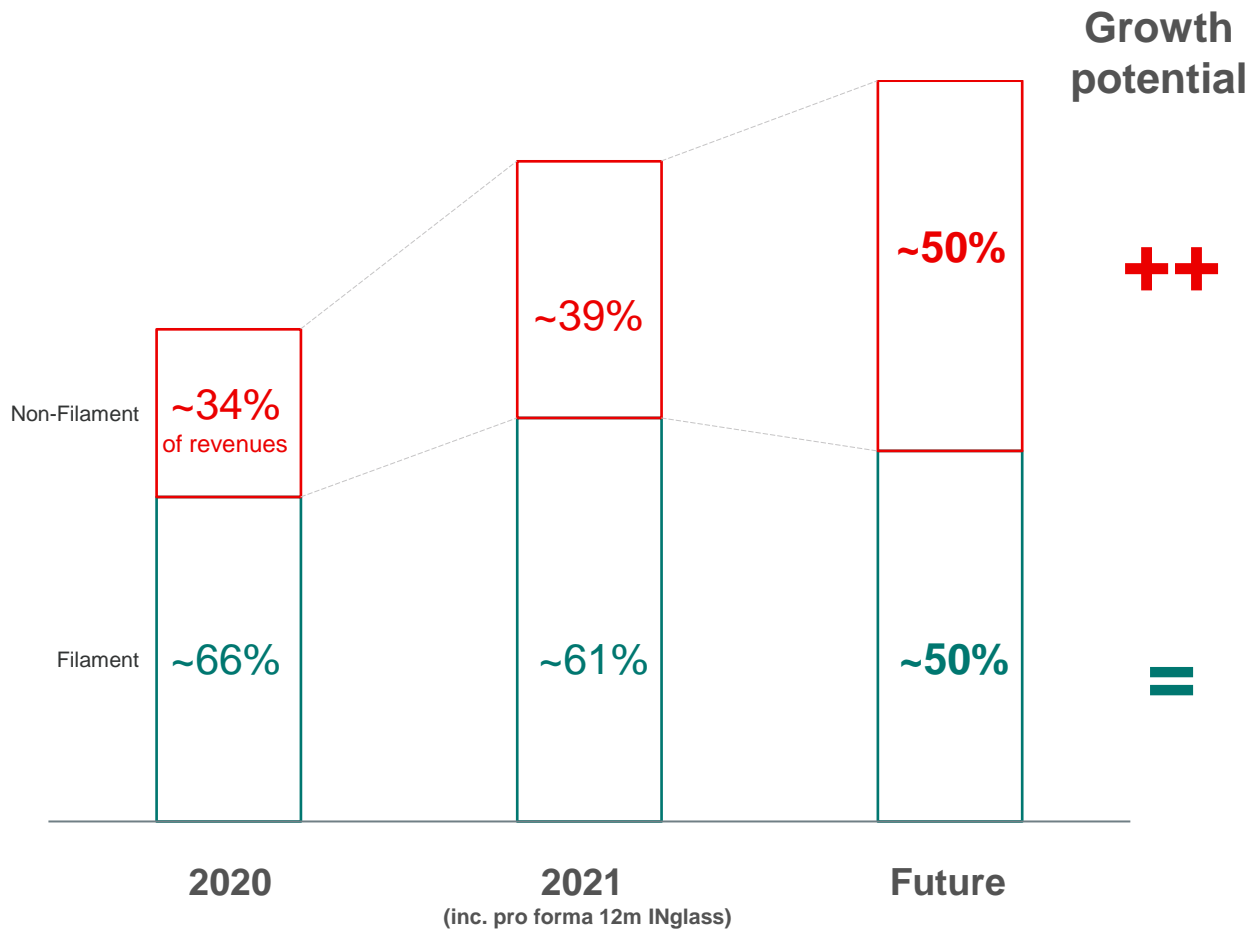
## Transforming Business

- Stable and profitable base in filament market
- Ongoing diversification into non-filament, automation and aftermarket; supported by cash flows from filament

## ESG

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

## Diversification into Non-Filament



## Transformation Catalysts

### Expanding from Filament into Non-Filament

- Lower reliance on Filament market
- Closer alignment to wider polymer market growing at 1.5x Global GDP across different market sectors

### Non-Filament has significant growth potential <sup>1)</sup>

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

### Acquisition of INglass in 2021 was a key strategic milestone

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

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

1) Market size and growth estimates based on Company estimates



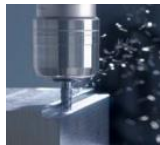
# Supporting Customers in Meeting Their Sustainability Targets

## Customer value proposition

Coatings:



**5%**  
Efficiency increase  
in aviation turbines



**160x**  
Tool Lifetime  
Extension

Polymer Processing:



**40%**  
Energy Savings  
with new Filament  
equipment



**80%**  
Of recycled carpets  
made by Oerlikon  
machines

## Helping customers to reach their goal



Use less fuel and emit  
lower emissions



More circular with less  
waste & less energy use



Use less energy and  
waste less materials



Enable circular economy  
and put further R&D in  
textile recycling

## In aerospace alone Oerlikon coatings reduce CO2 emissions >160x the Group's operational total

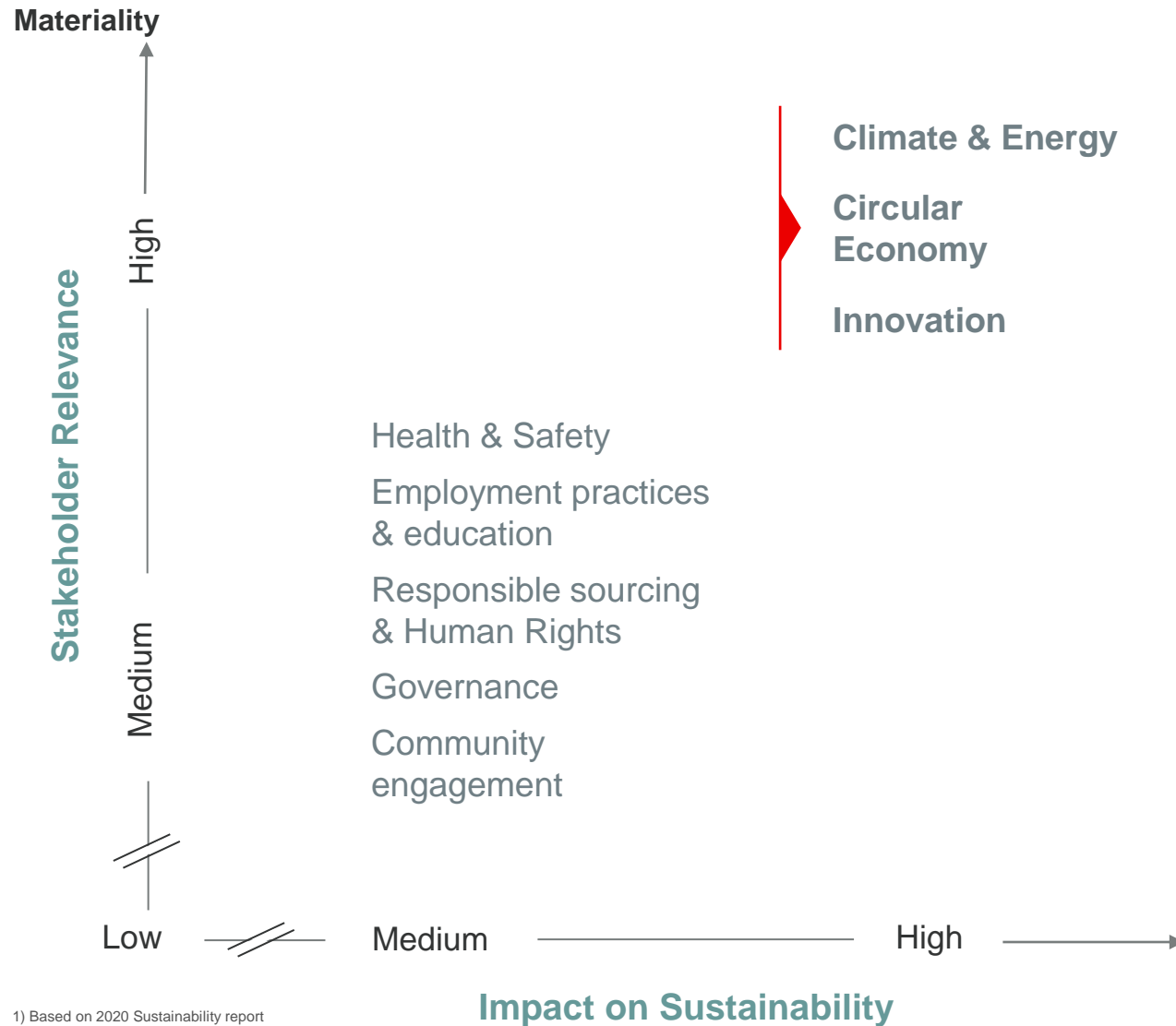
Quantified CO2 emission reduction  
(scope 4)

Oerlikon CO2 emissions  
(scope 1 & 2)

**25'600  
kts CO<sub>2</sub>**

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

**158 kts  
of CO<sub>2</sub>**  
emitted by Oerlikon



## Oerlikon Sustainability Targets By 2030 <sup>1)</sup>

- 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 >95%

<sup>1)</sup> Based on 2020 Sustainability report

# Appendix



# Oerlikon Group Overview



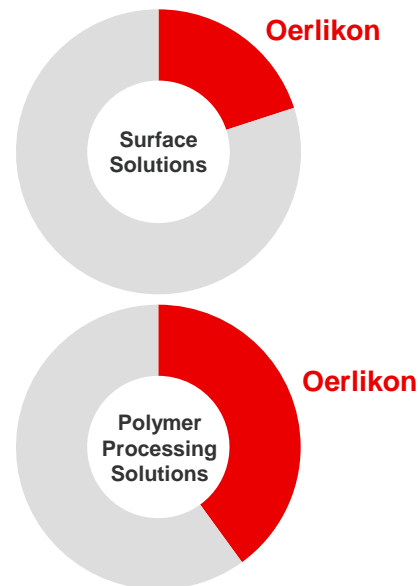
## Market coverage

- Oerlikon is an engineering company for **material science**, delivering sustainable innovation
- **Surface Solutions (48% of sales)** offers coating materials, equipment and services to enhance surfaces of industrial products; complemented by additive manufacturing solutions
- **Polymer Processing Solutions (52% 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, and customers (>30k OEM and tier 1)
- Listed on SIX with >12k employees

**Diversified Swiss industrial technology leader**



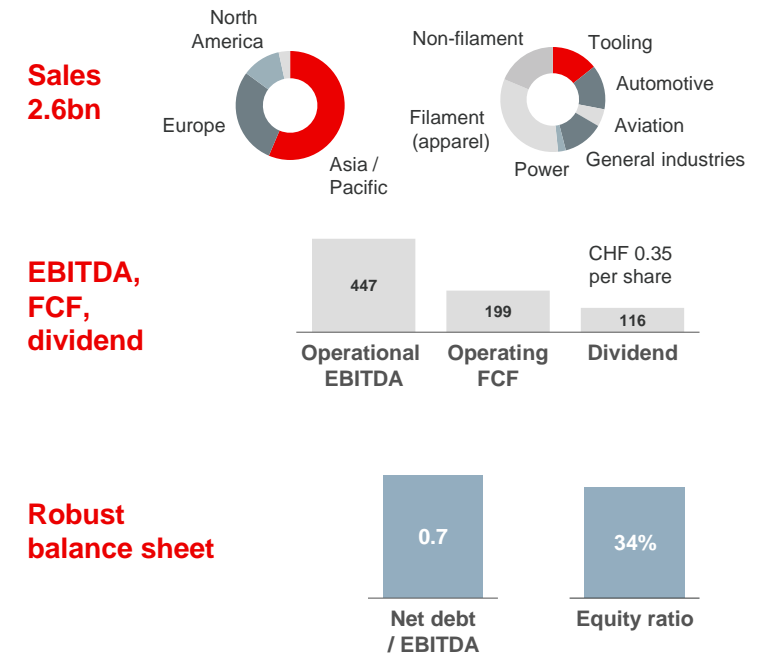
## Market share



**Leading market share**



## Financials 2021



**Solid financials**

Unless otherwise stated all figures in CHF m; Polymer Processing Solutions market share refers to Filament; Surface Solutions market share based on addressable markets; operating FCF excludes M&A; equity ratio based on total equity; net debt /operational EBITDA includes pro forma InGlass and Coeurdor EBITDA (consolidated per June 21)

# Surface Solutions Division Overview

48% of group sales



## Materials



## Equipment



## Services

(coating / treatment / printing for customers)



## Components & others

### Enhancing surfaces with coatings

- **Broad and integrated coating offering** including coating materials, equipment and services; 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 <sup>1)</sup>
- **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 CO2 and 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)

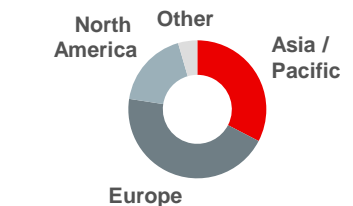
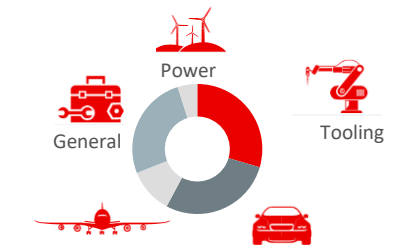
### Pioneering additive manufacturing

- **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: ~14% of sales



<sup>1)</sup> on Oerlikon Group level

# Polymer Processing Solutions Division Overview

52% of group sales

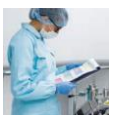
**oerlikon**



## Systems & plants



## Components



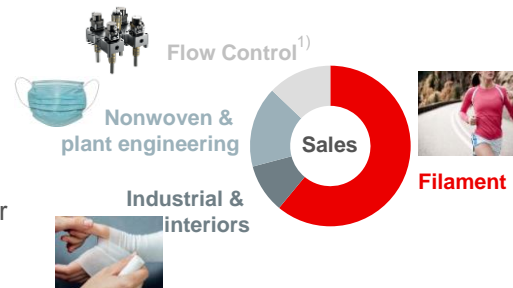
## Engineering services

### Leading supplier of systems and components used in polymer processing

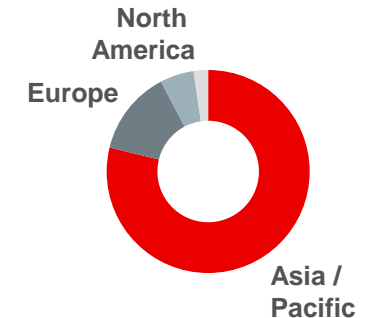
- **Broad integrated offering:** Spinning systems, texturing machines, nonwoven plants, digital factory solutions, process automation, gear-metering pumps, hot-runner systems
- **Leading technology** with 8 production sites in Asia, 6 in Europe and 2 in the Americas
- **Ecological and economical benefits** 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

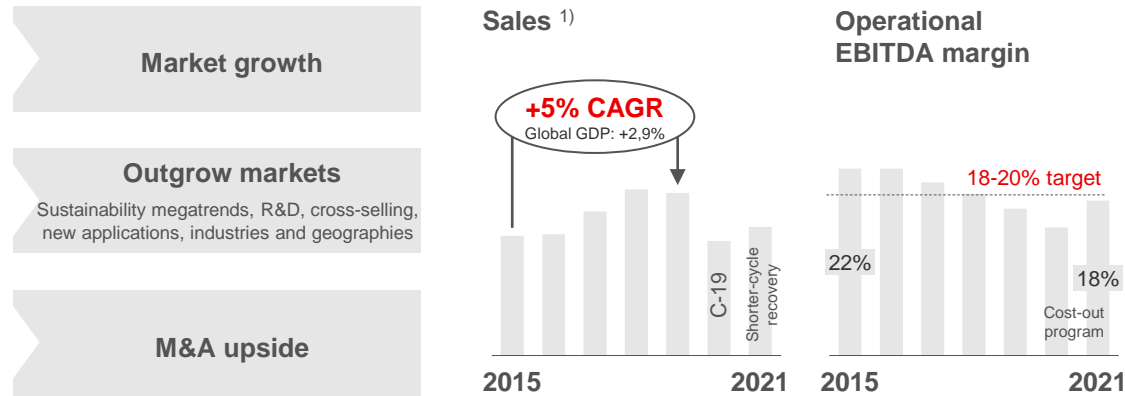


- Oerlikon supplies 22 of the top 25 manmade fiber manufacturers in filament
- Filament customers include Hengyi, Xinfengming, Tongkun and Shenghong
- Diversified customer base in non-filament

<sup>1)</sup> Based on 2021 sales; including INglass proforma for 12 months (acquired in June 2021)

## Surface Solutions (48%)

### Outgrow GDP driven by strong value proposition

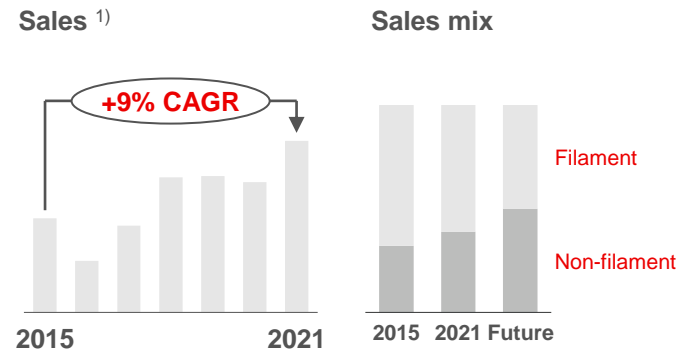


- Sales CAGR15-21: +5% <sup>1)</sup>
- EBITDA margin target of 16-18% vs. 17% in 2021
- Double digit ROCE target vs. 7.6% reached in 2021

## Polymer Processing Solutions (52%)

### Transforming Division into a growth platform

- **Strong Filament** demand with order book almost filled in 2023 and beginning to be filled in 2024
- **Non-Filament growth** expected driven by organic growth initiatives, mid-single digit market growth, R&D initiatives and bolt-on M&A
- **Sustainability megatrend drivers:** energy and water savings, lower resource intensity, weight reduction



Cost containment & capital efficiency focus

<sup>1)</sup> 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

# Investor Relations



**Stephan Gick**

Stephan.gick@oerlikon.com

+41 58 360 98 50



**Peter Dickson**

Peter.dickson@oerlikon.com

+41 58 360 96 39



[ir@oerlikon.com](mailto:ir@oerlikon.com)



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





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