2022 Financial Results

21 February 2023

Agenda

1 | Market & Strategy Overview

2 | Financials & Outlook

3 | Q&A

Oerlikon positioned for mid-term growth

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Strategic positioning

- Market leader in sweet spots
- High technology entry barriers
- Small cost on customers' bill of materials
- Creating significant value for customers

Cutting-edge technology

#1
Market leader in coating solutions

#1
Polymer processing market leader

Leveraging core competencies into new areas

Luxury

E-mobility & TIS 1)

Semiconductors

INglass

Diapers & wipes

Mid-term growth and margin outlook intact despite short-term macro headwinds

1) TIS: Thermal insulation solutions

Summary 2022

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Strong execution in 2022 – prepared Oerlikon for weaker filament demand

Financials
2022

+7% (3.0bn)	+10% (2.9bn)	+10% (498m)	+16% (277m)
Order intake	Sales	Operational EBITDA	Operational EBIT

Key messages

- **Growth supported by both Divisions**: Polymer Processing Solutions with record sales and continued diversification into non-filament; geographic expansion in Surface Solutions supported by new organizational structure introduced in 2022
- **Strong operational execution** in context of supply chain shortages, inflation, FX headwinds and weakening industrial activity; expanding footprint in luxury with signed agreement to acquire Riri; achieved sustainability rating upgrades
- **Prepared Oerlikon's** organization to successfully manage challenging 2023/24 market environment
- **Dividend** of CHF 0.35 proposed
- **Strengthening BoD** independence and diversity as per AGM proposal

Strategic priorities

Grow & Diversify

Improve Profitability

Drive Sustainability Progress

2023E: CHF ~2.8bn organic sales at constant FX, with 100-150m additional sales from Riri; 16.0-16.5% operational EBITDA margins

2022/23 macro challenges impacting Oerlikon’s outlook

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Toxic combination of macro challenges …

High inflation

+

>2 years of lockdowns in China

+

Energy security

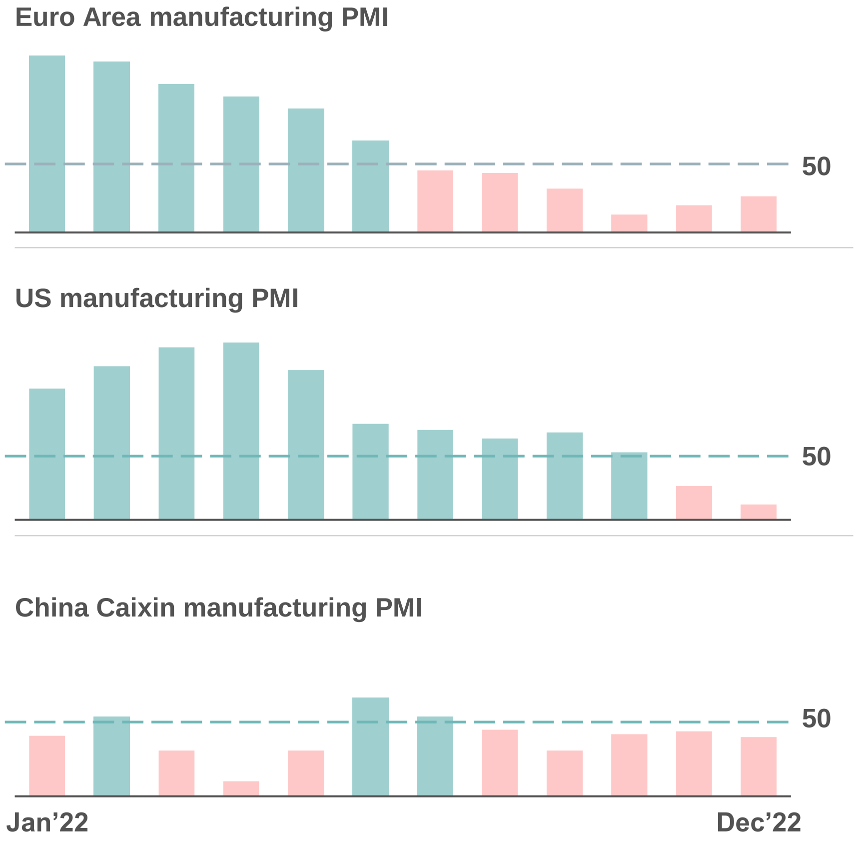
+

Supply chain bottlenecks

+

Geopolitical tensions

… weighing on industrial production



Impacting Oerlikon’s outlook

Source for PMI: Bloomberg

Challenging end markets

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Polymer Processing Solutions

Filament
33% of 2022 Group sales

2022 markets 2023E markets

- Strong demand in H1'22; macro environment resulted in some customers starting to postpone orders in H2'22
- Underlying need for filament equipment from growing population intact; equipment market CAGR 01-21 of +4%

Non-Filament
20%

2022 2023E

- Flow Control benefitting from lightweight trend in cars
- Strong orders in plant engineering solutions and Interiors (BCF) in H1'22

2023: Difficult market environment leading to customers postponing investments, impacting 2023/24 sales

Surface Solutions

General Ind. & Tooling
28%

2022 2023E

- Continued recovery in H1'22 despite supply chain shortages; H2'22 impacted by weakening industrial activity

2023E

- Entered luxury market with high single-digit growth rates

Automotive
13%

2022 2023E

- +6% light vehicles growth in FY'22 [1], supported by partial easing of supply chain shortages in H2'22
- Successfully pioneering e-mobility applications, e.g. e-gearing and thermal insulation solutions

Aviation
6%

2022 2023E

- Recovery driven by MRO with increased flying hours
- New plane production supported by passenger growth and energy efficiency; partially offset by shortages at engine OEMs
- Passenger demand is expected to reach 86% of 2019 levels in 2023 (69% in 2022) [2]

2023: PMI data signaling weakening industrial activity; automotive and aviation production backlog expected to partially offset

1) Source LMC as per Jan 2023, forecasting +5% light vehicles production growth in 2023; 2) Source IATA

Continued focus on strategy execution despite macro headwinds

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Grow & diversify

+23% growth in Americas [1]**:** New geographical organization introduced

+16% growth in non-filament [2]

CHF >200m luxury sales exposure to be reached with Riri acquisition

Drive sustainability progress

Improving towards 'low risk' ESG ratings, ahead of industrial average

Strengthening BoD independence and diversity as per AGM proposal

On-track with 2030 ESG targets

Improve profitability

10% operational ROCE representing YoY progress

22% overhead savings since 2019

Optimized portfolio and proactively initiated cost-out

Stable dividend proposed at 35 Rp … CHF >1bn dividends paid in last 5 years

Strategic execution on-track

1) Refers to 2022 Surface Solutions sales; 2) refers to non-filament sales (part of Polymer Processing Solutions)

Focus on growth and diversification

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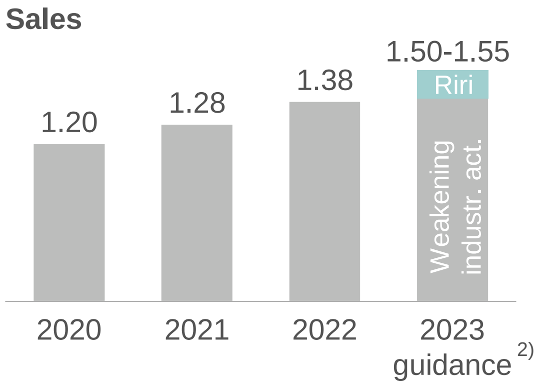
Surface Solutions

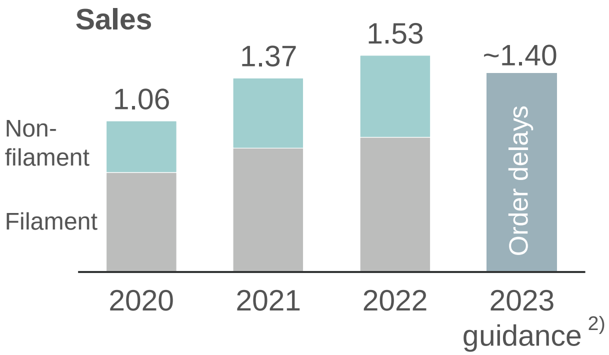
Demand driven by sustainability and efficiency



- **Geographic expansion** in Americas (2022: +23%) and Asia (+5%) supported by new organization
- **Leveraging core competencies** into new areas: e.g. industrialized new solutions for e-mobility in 2022, increased PVD penetration in semi equipment, and expanded footprint in luxury (Riri)

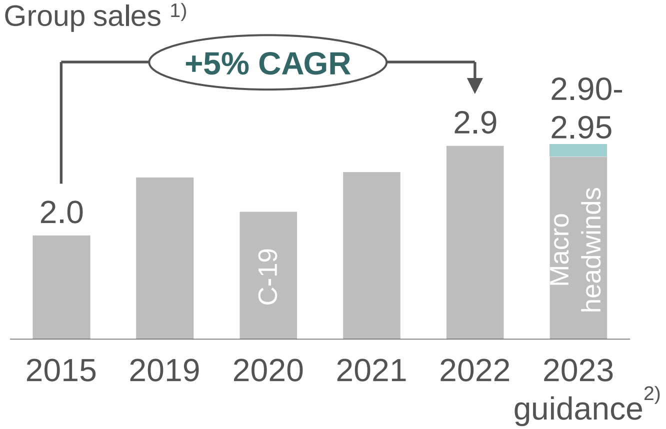
Polymer Processing Solutions

Mid-term demand driven by rising GDP and limited alternative resources



- **Leveraging core competencies** into non-filament: +16% sales growth in 2022
- **Enhance leadership in filament**: +9% sales growth in 2022; +4% equipment market CAGR 01-22
- **Upside** from long-term trends

Track record of 4-6% sales growth



1) CAGR is FX adj. and excludes M&A; Group sales exclude the Drive Systems Division which was divested in 2019; 2) at constant FX

Leveraging core competencies into luxury

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1

Oerlikon with PVD technology leadership

- Oerlikon PVD coating portfolio one of largest and most technologically advanced
- Luxury **market transitioning from galvanic to PVD** for cost, sustainability and decorative reasons

2

Expanded into luxury with Coeurdor in 2021

- Acquired Coeurdor in 2021, a manufacturer of metal accessories for luxury fashion
- **French** and **Portuguese** footprint; focus on surface treatments, design expertise and trusted long-term customer relationships

3

Riri - a perfect fit for luxury offering

- Leading provider of coated metal accessories to luxury fashion; EUR **~170m sales** (2022)
- **Italian** footprint with complementary product offering and customers to Coeurdor [1)]

4

Comprehensive platform in luxury with CHF >200m sales

- **Transformational M&A** creating unique complete offering for luxury metal accessories
- **Cross-selling** opportunities through complementary product offering and customers of Riri and Coeurdor
- **Growth** of metalware market expected to be mid-to high-single digit annually in the mid-term
- **Cost synergies** including insourcing of coatings
- **Accelerates transition** of luxury industry to PVD coating as greener technology with enhanced functionality

1) Transaction expected to close at end of Q1'23

Continued positive momentum in ESG driving growth

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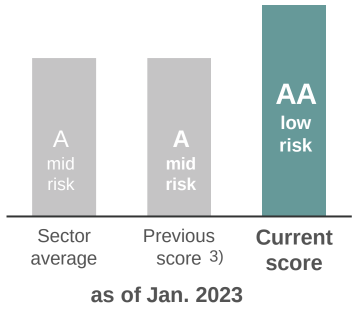
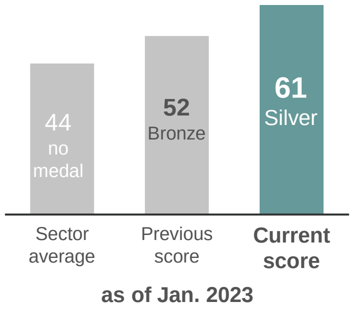
Sustainability rating upgrades

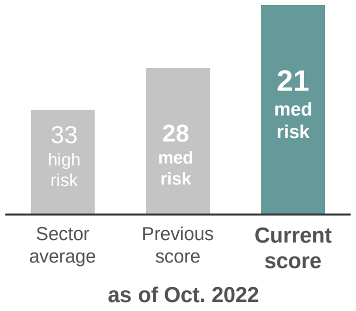
MSCI



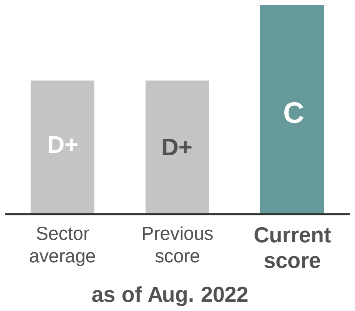
EcoVadis



Sustainalytics



ISS ESG



ESG on-track

- **Mostly rated in top 10% of industrial companies** [1)]
- **On-track to deliver on own 2030 targets** [2)]
- **ESG contributing to growth: helping customers become sustainable and efficient**

Progress towards 2030 ESG targets

Environmental

- **Energy management** systems at ~32% (baseline 12%) of op. sites, representing expected ~68% of Group energy consumption [2)]
- Progress on project to define scope 3 emissions; identifying levers for reduction
- ~73% of R&D investment in products that cover ESG criteria [2)]

Social

- Hosted 2nd **diversity conference** focused on disability awareness
- Advanced **DEI program** including establishing a Women's Council, celebrating International Women's Day and signatory to the Equal Voice United Charter
- Included in Forbes global top 800 employers (625)

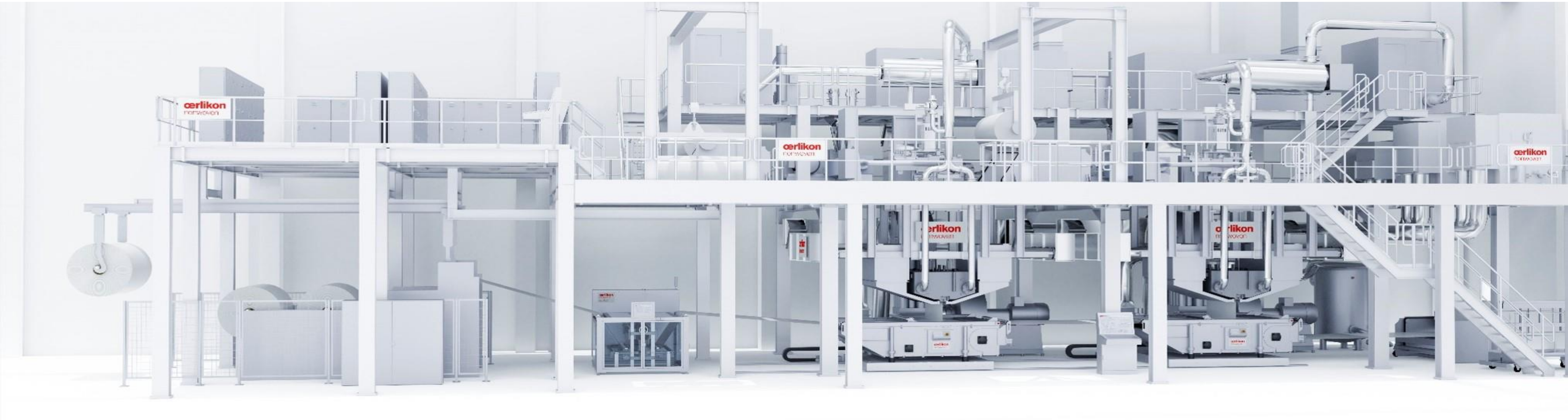
Governance

- Provided **enhanced** Governance and Compensation reports
- **Strengthening BoD** independence and diversity
- Partnering with EcoVadis to enhance ESG monitoring of suppliers; working with key suppliers to improve sustainability

1) MSCI 9% are better, EcoVadis in top 9%, Sustainalytics in top 5%, ISS only 20% are better; 2) Final update in 2022 sustainability report to be published by end of Q1'23; 3) as per June 2020

Financials & Outlook

Philipp Müller
CFO



2022 financial overview

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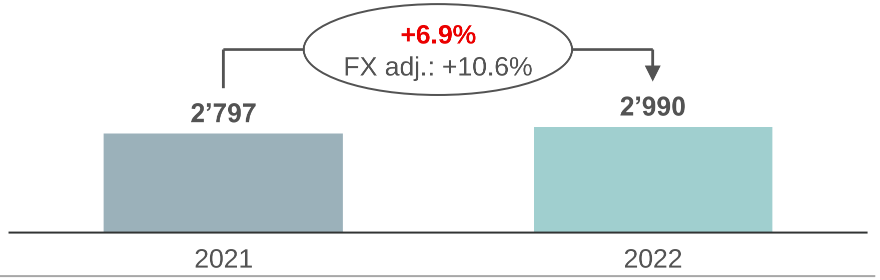
2022 with sales and operational EBITDA growth, supported by both Divisions

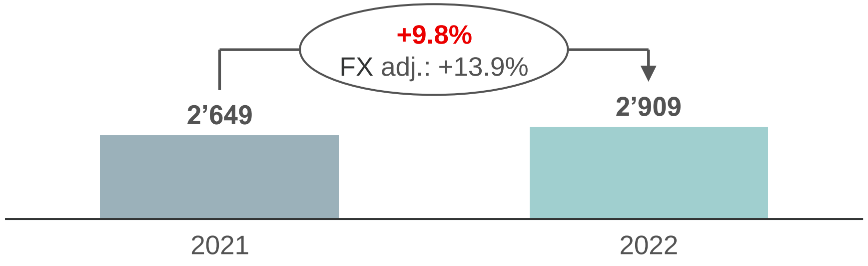
Orders

- **Order intake +11%** YoY in 2022 (FX adj.), driven by both Divisions; including +3% from M&A [1)]
- Q4 roughly stable YoY (+4% FX adj.)



Sales

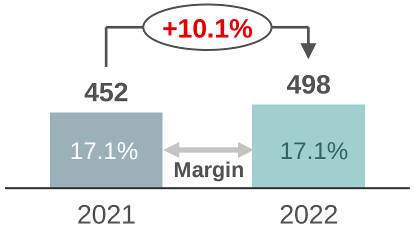
- **Sales +14%** in 2022 (FX adj.) supported by both Divisions; including +3% from M&A [1)]
- Q4 roughly stable (+2% FX adj.), with growth in Surface Solutions (aviation) counteracted by lower Polymer Processing Solutions (record sales last year)



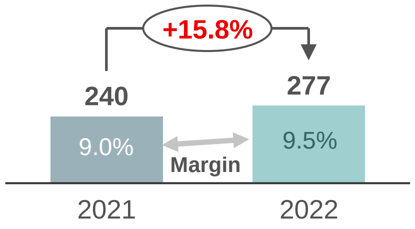
Profit

- **Operational EBITDA +10%** in 2022, despite transitory impacts from rising input costs (incl. energy) and mix
- Q4 operational EBITDA and margin comparison impacted YoY by Polymer Processing Solutions' record performance last year (record sales & positive project mix)

Operational EBITDA [2)]



Operational EBIT [2)]



* Numbers in financial charts of this presentation are in CHF m except when stated otherwise; 1) INglass and Coeurdor consolidated as of June 1, 2021; 2) discontinued inline ePD is excluded in 2022 and 2021 operational figures

Improving profitability

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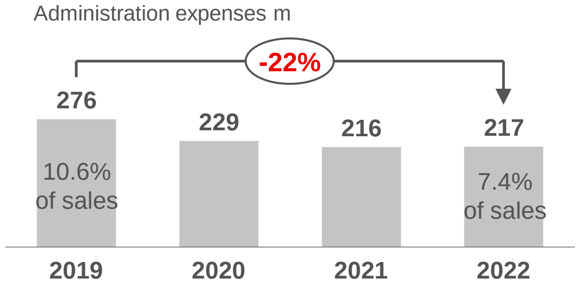
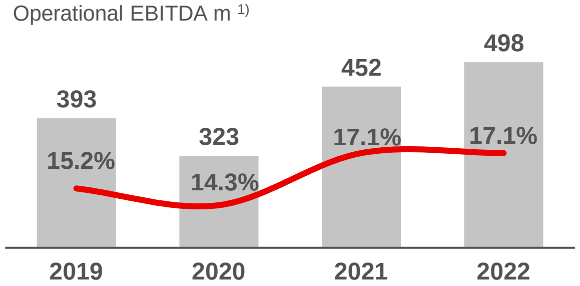
1 Cost efficiency

- **22% overhead savings** since 2019, while generating CHF ~300m more sales
- Q4'22 with portfolio optimization (inline ePD exit) and proactive cost actions ahead of macro headwinds
- Continued focus on efficiency



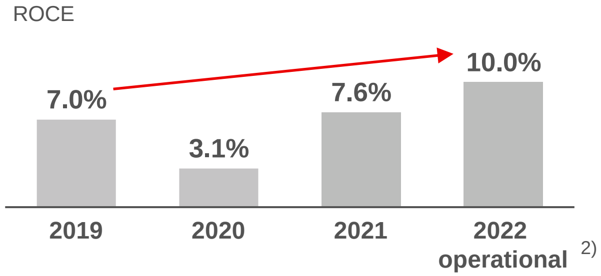
2 Profitability growth

- **EBITDA margins ~200 bps above** 2019 levels
- Despite transitory impacts from shortages and input/energy costs in 2022



3 Driving ROCE

- **ROCE improving**
- Benefit from new capital allocation framework



Focus on profitable growth

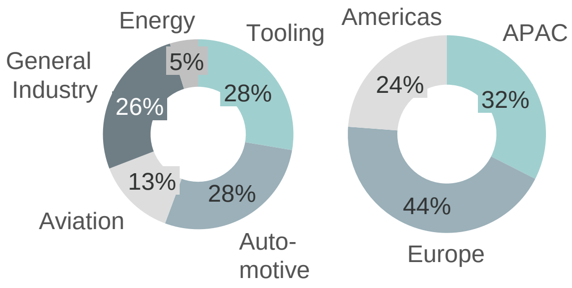
1) Discontinued inline ePD is excluded in 2022 and 2021 operational EBITDA; 2) based on operational EBIT and adj. for cash repatriation tax effect

Surface Solutions growth supported by new organization

Markets

- **Market recovery** impacted by customers' supply chain shortages in H1
- **Shortages** started to ease in H2, offset by weakening industrial activity
- **Cautious customer** purchasing behavior continued in Q4 due to macro environment

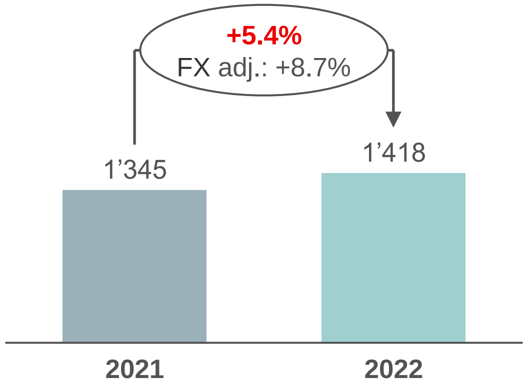
2022 sales split by markets



Orders

- **Increased** +9% FX adjusted supported by market recovery (H1), while weakening industrial production (H2) and shortages were offsetting factors
- Q4 orders sequentially stable
- Q4'22 book-to-bill slightly below 1, reflecting seasonal year-end equipment shipments

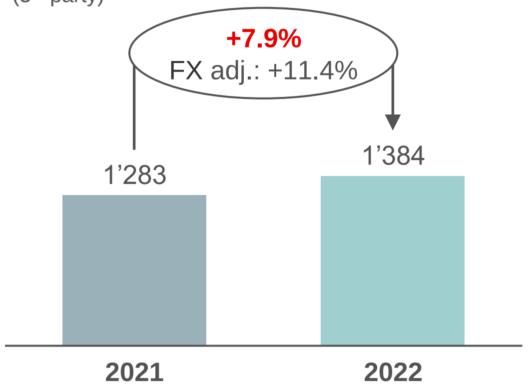
Order intake



Sales

- **Improved** +11% FX adjusted, including +1% from Coeurdor [3)]
- **+23% growth in Americas** supported by new geographical organization and aviation recovery
- Q4 sales up +10% FX adjusted, driven by aviation and tooling, counteracted by weakening industrial activity

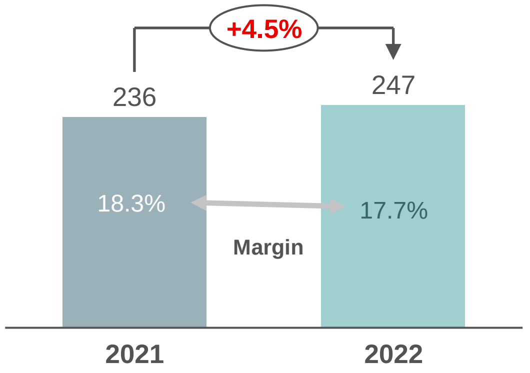
Sales
(3rd party)



Operational EBITDA

- **Higher EBITDA**; margin transitorily impacted by higher input costs (incl. energy) and mix
- Q4 EBITDA up YoY; margin supported by continuous pass-on of input costs and operating leverage, partly offset by mix
- Discontinued inline ePD and initiated organizational streamlining in Q4, both resulting in one-offs (appendix) [2)]

Operational EBITDA [1)]



1) Margin based on unrounded figures and total sales, including intercompany sales; 2) one offs impacting reported EBITDA and excluded from operational EBITDA; 3) Coeurdor consolidated as of June 1, 2021

Polymer Processing Solutions with 15% EBITDA growth

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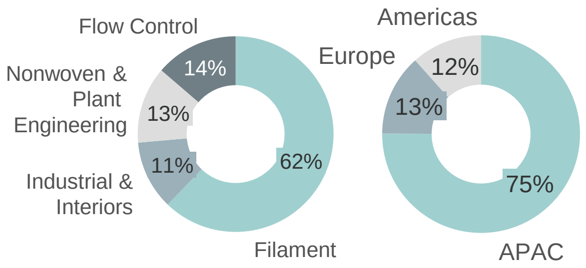
Markets

- **Filament** with strong demand in H1; weakening macro environment in H2 resulted in customers starting to postpone 2023 orders
- **Non-filament** with strong demand in flow control, carpet yarn and plant engineering solutions; macro environment resulting in customers postponing investment decisions in some end markets

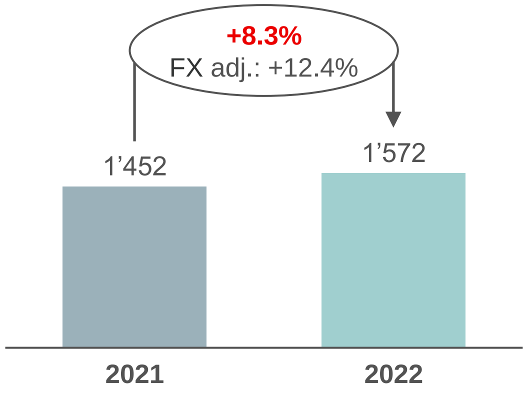
2022 sales split by markets



Orders

- **Improved +12%** in 2022 (FX adj.), representing largest order intake
- Q4 orders slightly down YoY related to FX; impacts also from elevated C-19 cases in China towards end of Q4 and customers postponing investments

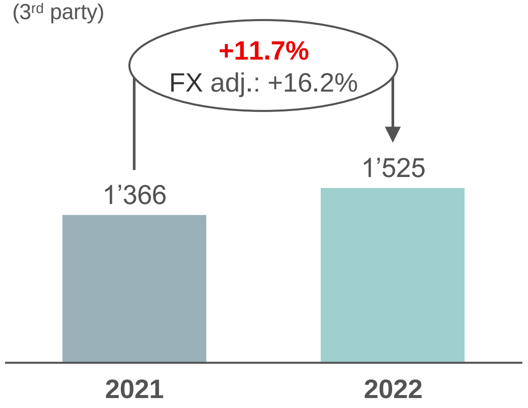
Order intake



Sales

- **Increased** +12% (FX adj. +16%), driven by order backlog and solid execution; includes +5% from M&A [4)]
- Non-filament sales +16% in 2022
- Q4 sales down compared to record sales last year

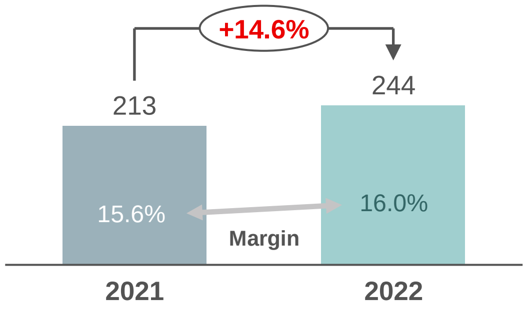
Sales
(3rd party)



Operational EBITDA

- **Increased** +15% in 2022; improved margin supported by operating leverage, cost control and INglass acquisition
- Q4 margin down YoY due to positive mix effect last year, costs related to elevated C-19 cases in China, and provision for inflation compensation [2)]
- Booked CHF 50m provision related to organizational streamlining in Q4'22 [3)]

Operational EBITDA [1)]



1) Margin based on unrounded figures and total sales, including intercompany sales; 2) provision for inflation compensation in newly concluded collective labor agreement (CLA) in Germany; 3) provision impacting reported EBITDA and excluded from operational EBITDA; 4) INglass consolidated as of June 1, 2021

Focus on Cash Flow and ROCE

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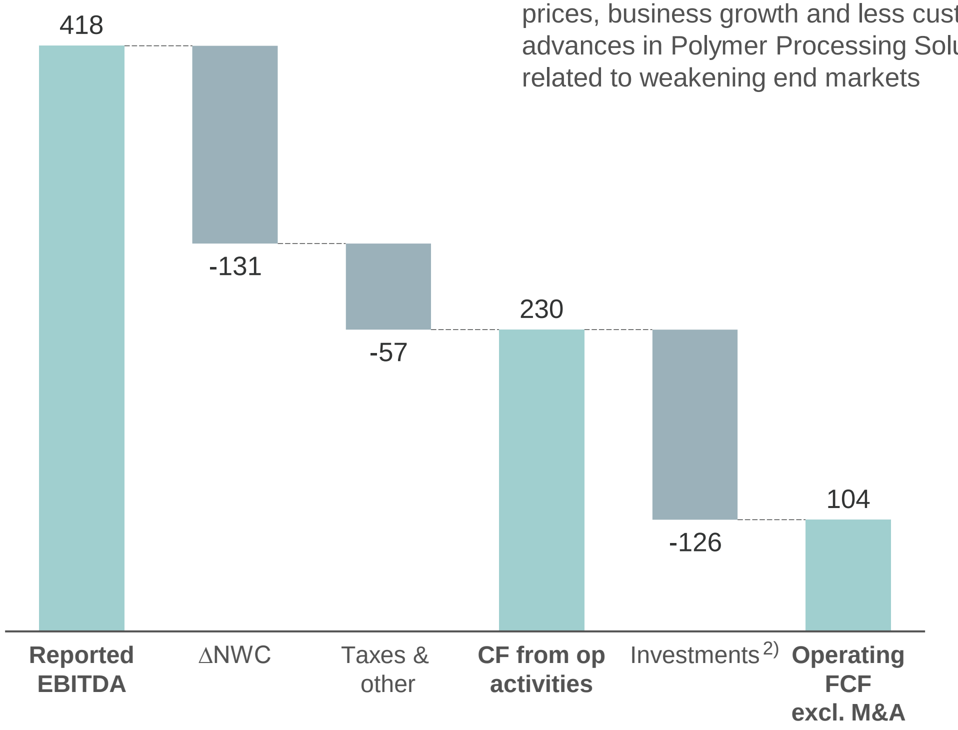
Operating FCF impacted by Net Working Capital

2022

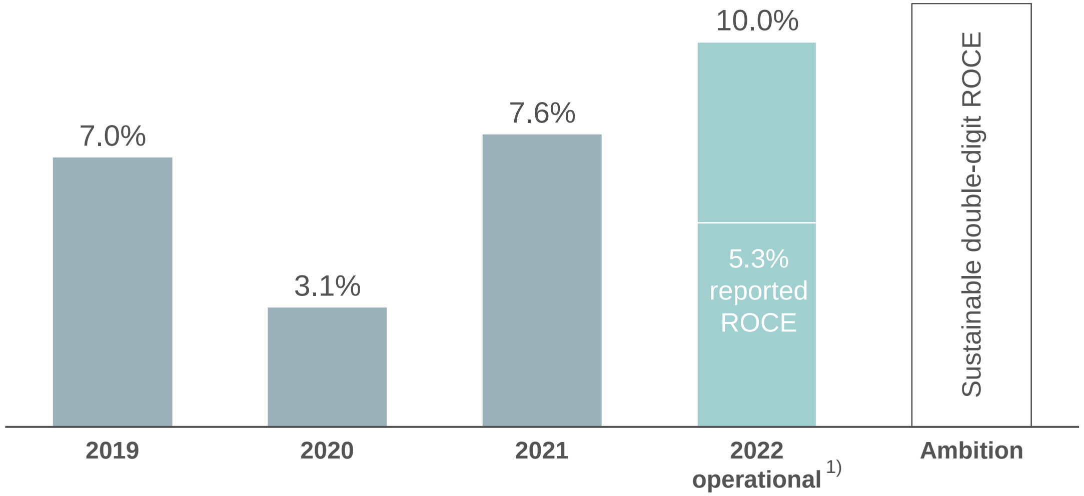


- Operating FCF transitorily impacted by NWC
- NWC increase due to higher raw material prices, business growth and less customer advances in Polymer Processing Solutions related to weakening end markets

Underlying ROCE improving

2022

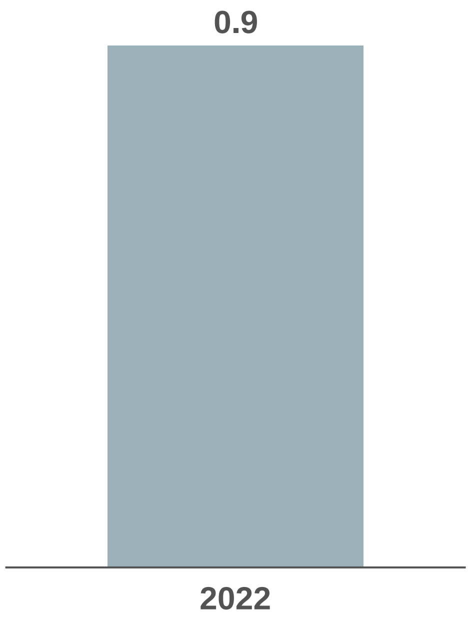
- **Reached 10%** operational ROCE [1)]
- Reported ROCE impacted by one-offs, impairment and tax effect from cash repatriation
- Ambition of sustainable double-digit ROCE in the mid-term, supported by mid-term market recovery upside, continued cost containment and disciplined execution on new capital allocation framework



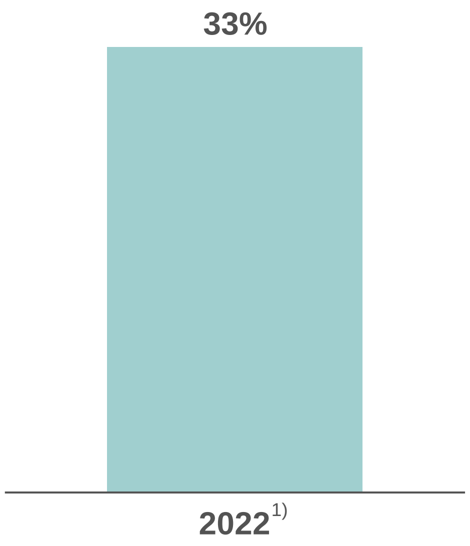
1) based on operational EBIT and adj. for cash repatriation tax effect; 2) excludes M&A related investments

Focus on Balance Sheet

Net debt / operational EBITDA



Equity ratio



Commitment to maintaining balance sheet strength

- Senior unsecured bond of CHF 125m matured in Nov. 2022; no replacement required due to cash repatriation from China, resulting in a tax effect (timing) [2)]
- Acquisition of Riri to be financed with syndicated term loan

1) Equity ratio based on total equity, 2) cash repatriation: CHF 24m tax provision in P&L in H2'22 with impact on cash flow mainly throughout 2023

2023 Guidance

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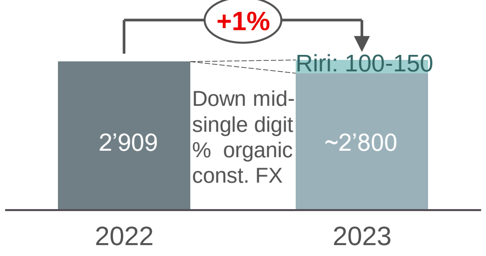
2023 with transitory headwinds from customers' postponed investment decisions and input cost inflation

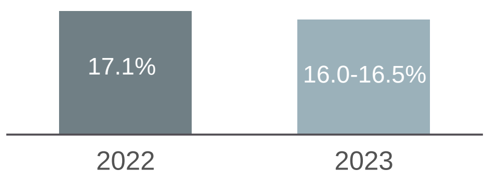
Group

- **Sales stable** at constant FX; Riri acquisition offset primarily by customers' postponed investment decisions in Polymer Processing Solutions
- **Margin transitorily impacted** by order postponements in Polymer Processing Solutions, partly offset by cost actions
- Capex CHF~150m

Sales [1)]



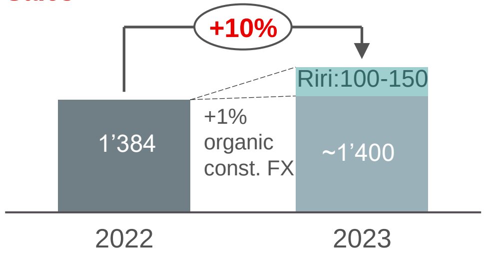
Operational EBITDA margin



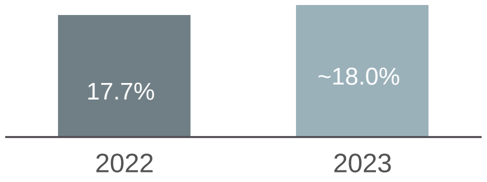
Surface Solutions

- **Sales +10%** due to Riri; organic sales stable with positive pricing while volume impacted by weakening industrial activity
- **Slightly higher margin** supported by cost actions, partly offset by mix; focus on pass-on of wage inflation and energy costs (as hedging needs continual renewals) despite macro environment

Sales [1)]



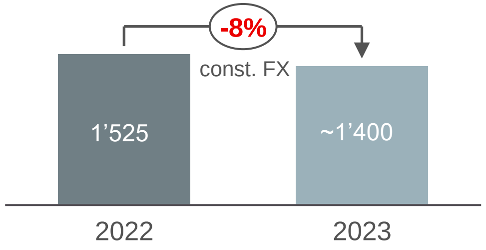
Operational EBITDA margin



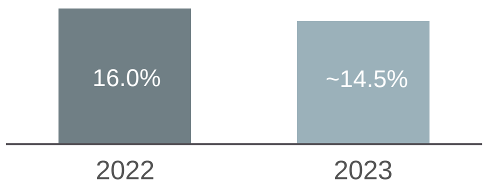
Polymer Processing Solutions

- **Sales -8%** driven by some customers postponing investment decisions; H2 below H1 due to expected shrinking backlog
- **Margin impacted** by operating leverage, mix, and limited pass through of higher input costs (e.g. labor, energy) to maintain volume; phase-in of cost-out measures between Q3´23 and Q1´24

Sales [1)]



Operational EBITDA margin



1) 2023 sales at constant FX; Riri expected contribution of CHF 100-150m depending on closing date of deal

Q&A

Appendix

2022 reconciliation of profitability measures

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EBITDA to EBIT bridge

	Group		Surface Solutions		Polymer Processing Solutions	
	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21
EBITDA	**418**	**444**	**226**	**232**	**193**	**208**
Depreciation	-131	-133	-100	-106	-29	-24
Impairments	-16	-1	1 -15	-1	-0	-0
EBITA	**271**	**309**	**110**	**125**	**164**	**184**
Amortization of Acquired Intangibles	-52	-52	-32	-37	-20	-14
Other Amortization	-35	-31	-16	-15	-9	-11
Impairments	-8	-7	1 -8	-7	--	-0
EBIT	**176**	**220**	**54**	**66**	**135**	**158**

Operational profitability reconciliation

	Group		Surface Solutions		Polymer Processing Solutions	
	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21
Operational EBITDA	**498**	**452**	**247**	**236**	**244**	**213**
Restructuring expenses	-54	2	2 -3	3	4 -51	-1
Discontinued activities	-17	-5	3 -17	-5	--	--
Acquisition and Integration costs	-9	-5	-0	-1	-1	-4
EBITDA	**418**	**444**	**226**	**232**	**193**	**208**

	Group		Surface Solutions		Polymer Processing Solutions	
	FY 22	FY 21	FY 22	FY 21	FY 22	FY 21
Operational EBIT	**277**	**240**	**96**	**81**	**187**	**163**
Restructuring expenses	-54	2	2 -3	3	4 -51	-1
Impairments related to restructuring	-0	-8	-0	-8	--	--
Discontinued activities	-39	-9	1 3 -39	-9	--	--
Acquisition and Integration costs	-9	-5	-0	-1	-1	-4
EBIT	**176**	**220**	**54**	**66**	**135**	**158**

1 Impairment of tangible and intangible assets mainly related to inline ePD discontinuation

2 One-off provision related to organizational streamlining: CHF ~3m in Q4’22

3 One-off costs related to inline ePD discontinuation and Russia exit; losses of ePD

4 One-off provision related to organizational streamlining: CHF 50m in Q4’22

Q4 reconciliation of profitability measures

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EBITDA to EBIT bridge

	Group		Surface Solutions		Polymer Processing Solutions	
	Q4' 22	Q4' 21	Q4' 22	Q4' 21	Q4' 22	Q4' 21
EBITDA	**55**	**129**	**49**	**58**	**5**	**75**
Depreciation	-32	-34	-24	-26	-7	-7
Impairments	-15	0	1 -15	0	-0	-0
EBITA	**8**	**95**	**10**	**32**	**-2**	**67**
Amortization of Acquired Intangibles	-12	-14	-7	-9	-5	-5
Other Amortization	-10	-8	-4	-4	-2	-3
Impairments	-8	-5	1 -8	-5	--	-0
EBIT	**-22**	**67**	**-9**	**14**	**-10**	**60**

Operational profitability reconciliation

	Group		Surface Solutions		Polymer Processing Solutions	
	Q4' 22	Q4' 21	Q4' 22	Q4' 21	Q4' 22	Q4' 21
Operational EBITDA	**122**	**127**	**63**	**56**	**56**	**76**
Restructuring expenses	-53	1	2 -3	2	4 -50	-1
Discontinued activities	-11	1	3 -11	1	--	--
Acquisition and Integration costs	-3	-0	-0	-1	-0	-0
EBITDA	**55**	**129**	**49**	**58**	**5**	**75**

	Group		Surface Solutions		Polymer Processing Solutions	
	Q4' 22	Q4' 21	Q4' 22	Q4' 21	Q4' 22	Q4' 21
Operational EBIT	**64**	**72**	**24**	**18**	**41**	**61**
Restructuring expenses	-53	1	2 -3	2	4 -50	-1
Impairments related to restructuring	0	-5	0	-5	--	--
Discontinued activities	-30	-0	1 3 -30	-0	--	--
Acquisition and Integration costs	-3	-0	-0	-1	-0	-0
EBIT	**-22**	**67**	**-9**	**14**	**-10**	**60**

1 Impairment of tangible and intangible assets mainly related to inline ePD discontinuation

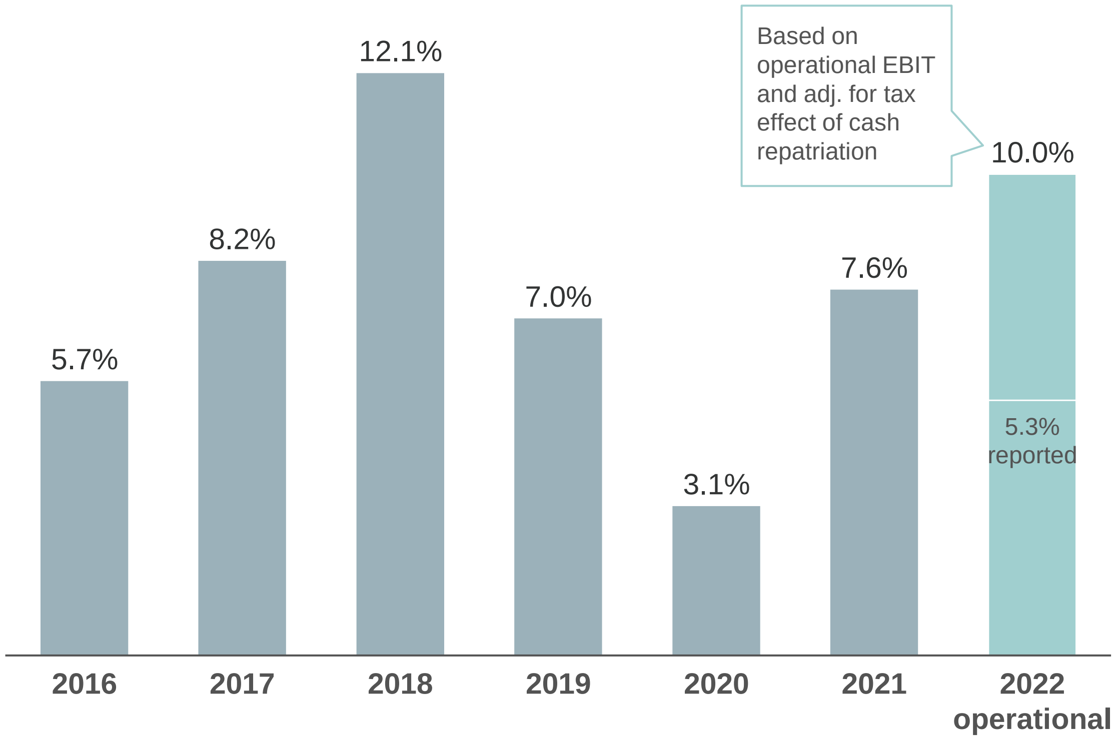
2 One-off provision related to organizational streamlining: CHF ~3m in Q4’22

3 One-off costs related to inline ePD discontinuation; losses of ePD

4 One-off provision related to organizational streamlining: CHF 50m in Q4’22

Return on Capital Employed (ROCE)

	2021	2022
EBIT	220	176
- Total current income tax	-66	-89
- Total deferred income tax	11	20
NOPAT	**165**	**107**
Net Operating Assets	2'204	2'063
+ Current income tax receivables	34	19
+ Deferred tax assets	145	117
- Current income tax payables	-56	-43
- Deferred tax liabilities	-171	-130
Capital Employed	**2'155**	**2'024**



Refers to reported LTM EBIT; Net operating assets is based on operating assets minus operating liabilities; Operating assets include total assets without cash and cash equivalents, current financial investments, current income tax receivables and deferred tax assets; Operating liabilities include total liabilities without financial and lease liabilities, current income taxes payable, non-current post-employment benefit liabilities and deferred tax liabilities

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