



Q1 2022 Financial Results

3 May 2022

Agenda

- 1** | Business Update
- 2** | Q1 Financials
- 3** | Q&A

ærlikon





Financials

Q1 with profitable growth leading to +31% higher operational EBITDA

790m (+23%)
Order intake

698m (+23%)
Sales

119m (+31%)
Operational EBITDA

63m (+54%)
Operational EBIT



Key messages

- **Strong operational execution** with significantly higher orders, sales and EBITDA YoY; integration of INglass and Coeurdor well on track; published 2021 sustainability report showing progress towards 2030 ESG targets
- Polymer Processing Solutions with growth in Filament and Non-Filament, driven by market growth, market extension and technology leadership
- Surface Solutions with 15% higher orders and improved margins, despite transitory impacts of shortages in high-margin businesses



Strategic priorities

Grow & Diversify

Improve Profitability

Drive Sustainability Progress

Confirming 2022 Group Guidance

End Markets: Strong Demand Partly Offset by Shortages

Filament

33% of 2021 Group sales

Market environment **Growth**

- Order book filled for 2023; 2024 firmly on-track
- Structural need for filament equipment from growing population
- Manmade fibers with better availability and resource intensity than natural fibers

Non-Filament

19%

Growth

- Flow control benefitting from lightweight trend in automotive; market share gains in non-automotive enabled by customer synergies with Surface Solutions
- Strong demand for plant engineering solutions, such as polycondensation plants
- Revitalization of interiors (carpet yarns) in US

General Industrial & Tooling

29%

Growth

- General industry recovered YoY, though supply chain bottlenecks hampering the speed of recovery in Tooling
- Strong demand in luxury (Coeurdor) and semiconductors with rising penetration of PVD where Oerlikon is leading
- Gaining order momentum in oil & gas and industrial gas turbines

Automotive

14%

Return to growth as shortages fade

- Supply chain shortages impacted Q1; impacts expected to continue in Q2 with easing in H2
- Successfully pioneering e-mobility applications (e.g. e-gearing, compressor shaft, differential shaft)

Aviation

5%

Recovery from low levels

- Aviation continued to recover off low base, with sequential increase in Q1'22
- Mainly driven by recovery of MRO business; narrow-body recovery expected before widebody

Polymer Processing Solutions

Benefitting from market growth, technology leadership and ongoing end-market extension

Surface Solutions

Well-positioned for recovery beyond transitory supply chain shortages

Continued Focus on Strategic Priorities



Grow & Diversify

- Outgrow markets by focusing on technology leadership and sustainable innovation
- Expand into adjacent high potential markets organically and with accretive M&A
- Capture structural growth opportunities in Surface Solutions; expand Polymer Processing Solutions into Non-Filament



Improve Profitability

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



Drive Sustainability Progress

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



Q1 launches include new coatings for plastic processing tools; growth in Non-Filament as well as in luxury, semiconductors and additive manufacturing



Achieved **110bps margin improvement** in operational EBITDA; stable dividend paid in April



Published 2021 **sustainability report**; continued to launch diversity programs; R&D focus on improving sustainability and efficiency of customers

Profitable and Sustainable Growth

2030 targets



- Increase the share of relevant operations that are **climate neutral** on Scope 1 and 2 to 100%
- Implement **energy management systems** at all relevant sites and expand share of energy from renewable sources to 100%
- Reduce the share of disposed waste to 21% of total waste
- Increase the share of **R&D** investment in products that must cover ESG criteria to 100%



- Ensure **zero harm to people**: decrease the rate of recordable work-related injuries
- Increase **share of women** in management and leadership roles to 20% and in high potential talent programs to 30%



- Increase completion of **compliance** and Code of Conduct training >95%



2021: Progress on-track

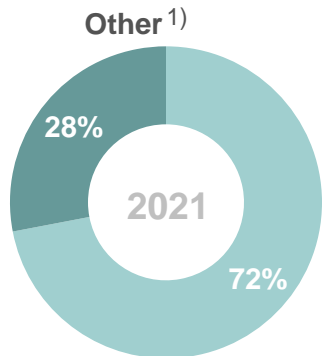
- **Energy management systems** at 19% (baseline 12%) of operational sites, representing **54%** of Group energy consumption
- **Reduced share of disposed waste to 31%** (baseline 42%)
- GHG emissions intensity reduced from 2019 baseline to 60.8 tons of CO₂ / CHFm



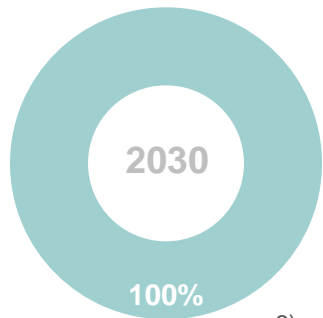
2021: Implementation on-track

- **Published baseline** for share of electricity from renewable sources (22%) and for share of R&D aligned to ESG criteria (72%)
- **Launched** project to define and measure Oerlikon **Scope 3** emissions with baseline in 2022

100% of R&D in products to cover ESG criteria in 2030



Sustainable R&D



Sustainable R&D²⁾

Waste emissions

Water consumption

Raw material consumption

Service time

Energy consumption

Social impact

Helping customers become sustainable and efficient



Coatings extend tool lifetime **up to 160x** vs. uncoated



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



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



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



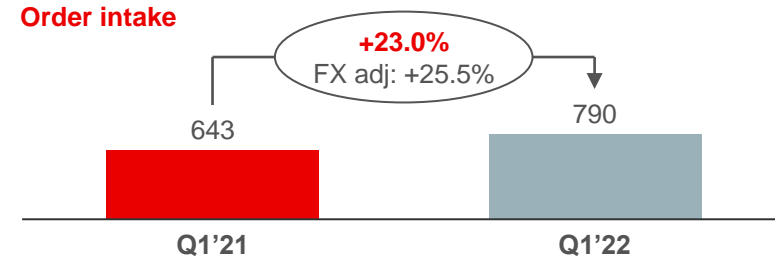
~40% energy saving with new filament equipment

1) IP investment / R&D maintenance are currently part of other including management of patents; 2) excludes Oerlikon R&D investment in defense and oil & gas, which represents less than 5% of total revenues

Strong growth in orders, sales and EBITDA

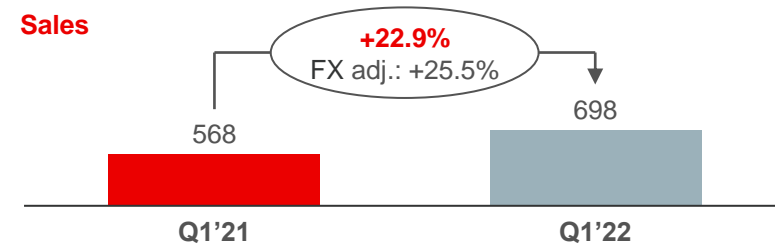
Orders

- **Order intake +23%**, including +8% from M&A ¹⁾
- Driven by both Divisions



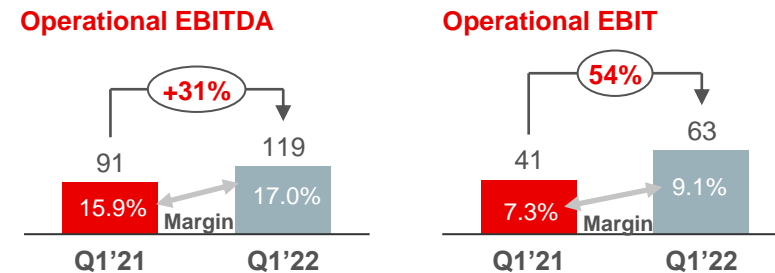
Sales

- **Sales +23%** including +9% from M&A ¹⁾
- Sales +40% in Polymer Processing Solutions and +8% in Surface Solutions despite shortages



Profit

- **Operational EBITDA +31%**
- Margin +110bps driven by operating leverage and tight cost control



¹⁾ INglass and Coeurdor consolidated as of June 1, 2021; * Numbers in financial charts of this presentation are in CHF except when stated otherwise

Surface Solutions With 15% Higher Order Intake

Markets

- **Markets recovering** at different speeds
- Customers impacted by supply chain shortages; expect shortages to continue in Q2 with easing in H2;
- Chinese lockdowns to modestly impact Q2; shifting business into H2

Orders

- **Higher** order intake
- Q1'22 book-to-bill above 1, to support sequential sales growth throughout 2022

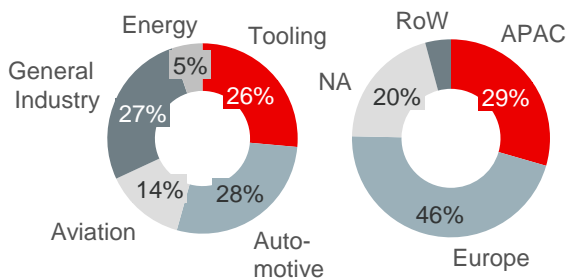
Sales

- **Increased** +10.4% FX adjusted, including +3.6% from Coeurdor acquisition ²⁾
- Driven by General Industries, Aviation, and Energy; Tooling and Automotive impacted by supply chain shortages at customers

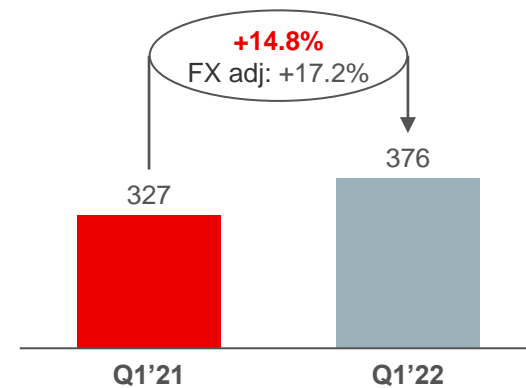
Operational EBITDA

- **Higher** margin driven by positive operating leverage and cost efficiency
- Partially offset by shortages in high-margin businesses

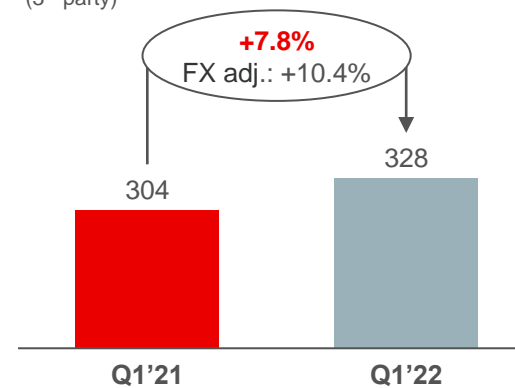
Q1'22 sales split by markets ³⁾



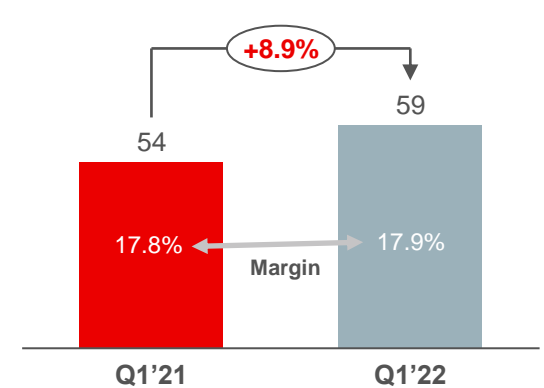
Order intake



Sales
(3rd party)



Operational EBITDA ¹⁾



1) Margin based on sales to third parties; 2) Coeurdor consolidated as of June 1, 2021; 3) Power Generation was renamed to Energy (same scope)

Polymer Processing Solutions With Significant Growth

Markets

- **Filament order book filled** for 2023 and firmly on-track in 2024; large Filament customers keep on expanding in the value chain
- Non-Filament with strong demand for plant engineering solutions; revitalization of carpet yarns in US; Flow Control experiencing strong demand

Orders

- **Strong** order intake, driven by Filament and Non-Filament
- Chinese lockdowns to shift some orders and sales from Q2 into H2, with no impact on FY'22 expectation

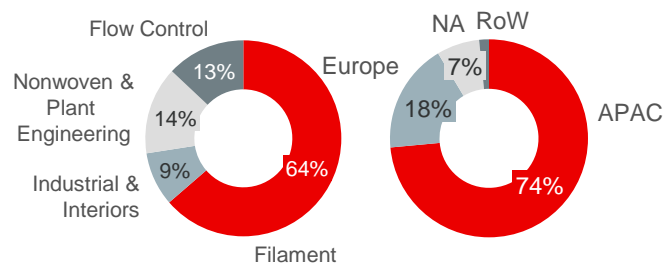
Sales

- **Increased** +40% driven by strong demand and solid execution; INglass²⁾ contributed CHF +38m or +15% YoY
- Non-Filament sales +86% driven by INglass and organic growth

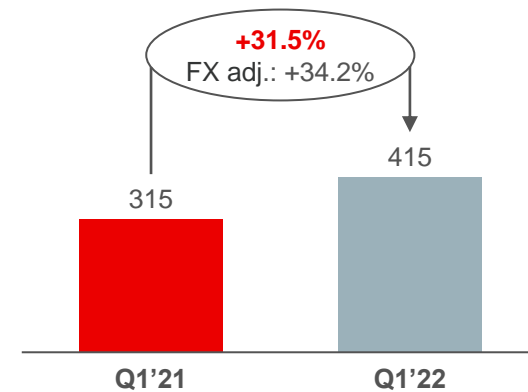
Operational EBITDA

- **Increased** +78%
- Higher margin due to operating leverage, cost control and INglass acquisition
- Bulk of raw material and energy costs passed on at order intake; key materials and supplies secured by frame contracts

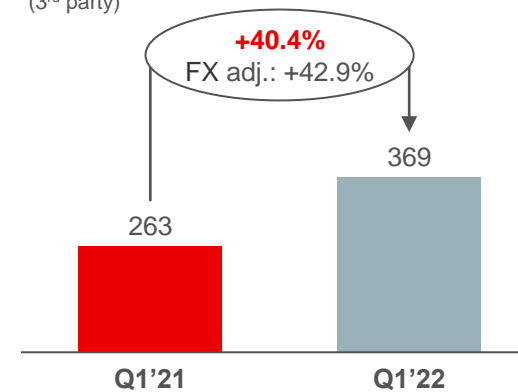
Q1'22 sales split by markets



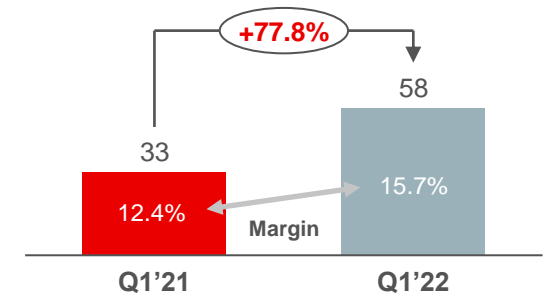
Order intake



Sales (3rd party)



Operational EBITDA¹⁾

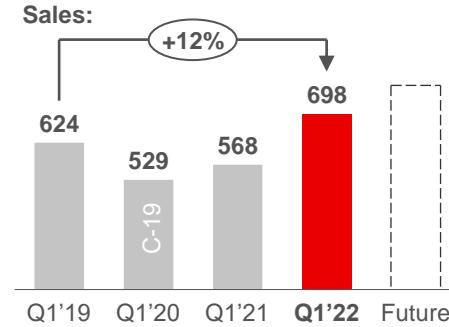


1) Margin based on sales to third parties; 2) INglass consolidated as of June 1, 2021

Conclusion: Well-Positioned for Profitable & Sustainable Growth

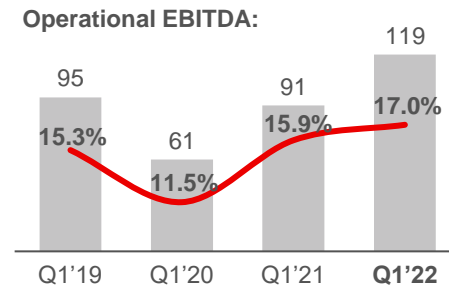
1 Sales growth

- Surface Solutions demand driven by sustainability and efficiency
- Polymer Processing Solutions demand driven by rising GDP and limited alternative resources; ongoing market extension



2 Profitability growth

- EBITDA margins benefitting from reduced cost base on recovering sales
- ROCE to benefit from new capital allocation framework



3 Driving sustainability progress

- Support customers in meeting their sustainability targets
- On-track to deliver on own 2030 targets



2022 Group guidance confirmed

Sales ~2.9 bn

EBITDA margin ~17.5%¹⁾

1) Operational EBITDA; 2) as per 31 March 2022

Q&A



Appendix



Q1 Reconciliation of Profitability Measures

EBITDA to EBIT bridge

| | Group | | Surface Solutions | | Polymer Processing Solutions | |
|--------------------------------------|------------|-----------|-------------------|-----------|------------------------------|-----------|
| | Q1'22 | Q1'21 | Q1'22 | Q1'21 | Q1'22 | Q1'21 |
| EBITDA | 112 | 88 | 56 | 53 | 58 | 33 |
| Depreciation | -33 | -32 | -25 | -26 | -7 | -5 |
| Impairments | -- | -0 | -- | -0 | -- | 0 |
| EBITA | 79 | 56 | 31 | 27 | 51 | 28 |
| Amortization of Acquired Intangibles | -14 | -11 | -9 | -10 | -5 | -2 |
| Other Amortization | -8 | -7 | -4 | -4 | -2 | -2 |
| Impairments | -- | -- | -- | -- | -- | -- |
| EBIT | 57 | 38 | 18 | 14 | 44 | 24 |

Operational profitability reconciliation

| | Group | | Surface Solutions | | Polymer Processing Solutions | |
|-----------------------------------|------------|-----------|-------------------|-----------|------------------------------|-----------|
| | Q1'22 | Q1'21 | Q1'22 | Q1'21 | Q1'22 | Q1'21 |
| Operational EBITDA | 119 | 91 | 59 | 54 | 58 | 33 |
| Restructuring expenses | -1 | -1 | -1 | -1 | -- | -- |
| Discontinued activities | -2 | -- | -2 | -- | -- | -- |
| Acquisition and Integration costs | -4 | -2 | -0 | -0 | -0 | -- |
| EBITDA | 112 | 88 | 56 | 53 | 58 | 33 |

| | Group | | Surface Solutions | | Polymer Processing Solutions | |
|--------------------------------------|-----------|-----------|-------------------|-----------|------------------------------|-----------|
| | Q1'22 | Q1'21 | Q1'22 | Q1'21 | Q1'22 | Q1'21 |
| Operational EBIT | 63 | 41 | 21 | 15 | 44 | 24 |
| Restructuring expenses | -1 | -1 | -1 | -1 | -- | -- |
| Impairments related to restructuring | -- | -0 | -- | -0 | -- | -- |
| Discontinued activities | -2 | -- | -2 | -- | -- | -- |
| Acquisition and Integration costs | -4 | -2 | -0 | -0 | -0 | -- |
| EBIT | 57 | 38 | 18 | 14 | 44 | 24 |

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