



Q3 2021 Financial results

3 November 2021

Agenda

- 1** | Business Update
- 2** | Q3 Financials
- 3** | Q&A

ærlikon





Financials

Record Q3 orders and continued margin expansion – global supply chains remain constrained

835m (+61%)
Order intake

695m (+17%)
Sales

117m (+26%)
Operational EBITDA

61m (+43%)
Operational EBIT



Key messages

- **Strong operational execution** with robust financial growth in Q3, driven by continued momentum in both Divisions and benefits from the cost-out program
- Achieved **record order intake** and sales in Polymer Processing Solutions driven by strong demand; executed on continued **market recovery** in Surface Solutions; partly impacted by **supply chain shortages** as expected, with Oerlikon mitigating impacts; integration of INglass and Coeurdor well on track
- Reiterate FY'21 Group guidance of CHF ~2.65bn sales and ~16.5% operational EBITDA margin, following strong Q3 results and based on current visibility



Strategic priorities

**Sustainable
Innovation**

**Cost
Containment**

**Disciplined
Capital Allocation**

Confirming FY'21 Group guidance

End Markets: Supply Chain Bottlenecks Hampering Speed of Recovery

Filament

31% of 2020 Group sales

Non-Filament

16%

General Industrial & Tooling

31%

Automotive

14%

Aviation

7%

Market environment



Growth



Growth



Growth



Shortages - return to growth thereafter



Slightly up from low levels

- Strong demand with visibility into 2023
- Driven mainly by continued downstream vertical integration of large Chinese filament producers and manmade fibers outgrowing natural fibers
- Oerlikon well positioned with broad integrated offering and leading technology

- Strong demand for plant engineering solutions in China e.g. staple fiber and continuous polycondensation plants
- Revitalization of interiors (BCF) in US; intact demand for INglass products driven by model launches
- Oerlikon with continued execution on Non-Filament growth initiatives

- Tooling and general industry continues recovery YoY, though supply chain bottlenecks hampering the speed of recovery
- Oil & Gas and Industrial Gas turbines gaining momentum YoY, with further improvements in materials business expected

- Supply chain interruption due to semi-conductor and other supply chain shortages in Q3
- Shortages expected to extend into H1'22, with automotive activity to recover beyond

- Aviation expected to slightly recover off low base
- Narrow-body recovery expected before widebody

► **Polymer Processing Solutions with strong demand and record orders; diversification into Non-Filament on track**

► **Surface Solutions well positioned for recovery in Tooling, General Industry and Automotive beyond transitory supply chain interruptions; Aviation slightly improving from low levels**

Continued Focus on Strategic Priorities



Sustainable Innovation

- Drive global **technology leadership** with effective R&D
- Focus on strong quality, sustainability and economic return



Q3 launches include thin film coatings for machining of high-performance ceramics, an innovative nozzle for injection molding of small parts (INglass), and a new coating powder for fuel cell applications



Cost Containment

- Focus on **cost containment** and reinvest into profitable growth
- Commitment to 16-18% operational EBITDA margin



Achieved ~110bps operational EBITDA **margin expansion** driven by Surface Solutions, reaching target corridor



Disciplined Capital Allocation

- **Diversify** organically into adjacent markets and enhance structural growth with acquisitions
- Continue to pay a stable or progressive dividend, while maintaining a prudent financial policy and strong balance sheet



+16% growth in non-filament YTD; INglass and Coeurdor **integration on track**; stable ordinary dividend and solid balance sheet

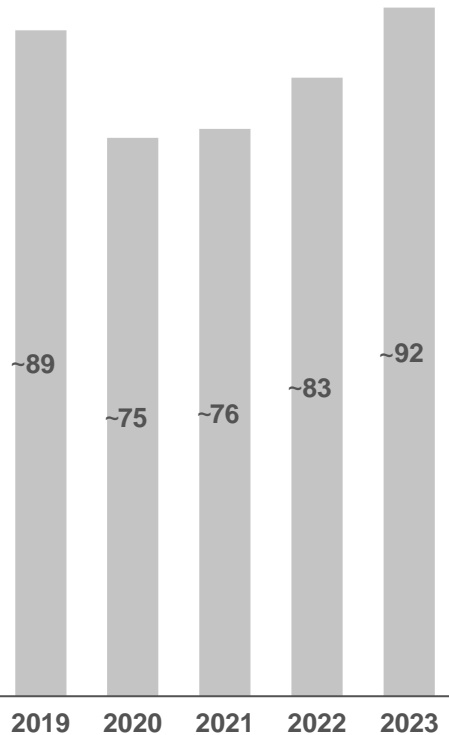
Drive profitable growth and expand market share

Automotive Impacted by Supply Chain Challenges in Near-term... Mid-term Outlook Intact



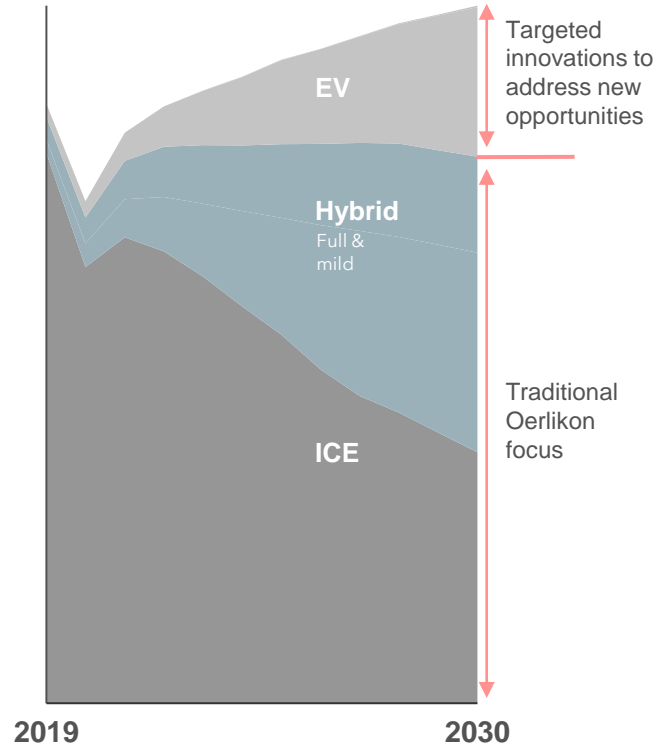
Oerlikon focusing investments into transition to future mobility

Light vehicle production
cars in m¹⁾



- Vehicle production volume impacted by supply chain situation; Oerlikon closely monitoring situation with focus on costs
- Expect supply chain **shortages to extend into H1'22**
- Oerlikon well positioned to benefit from **recovery** in automotive activity beyond shortages

Light vehicle production per power train alternative
cars in m²⁾



New EV opportunities

- Surface solutions for forming tools to produce light-weight parts
- Hot runners (INglass) for high quality light-weight parts
- Coatings for highly loaded components

Continued R&D in battery and fuel cell applications

- Heat shield for batteries
- Coatings for battery housing, sensors and e-motor components

Stable perspective for traditional Oerlikon focus

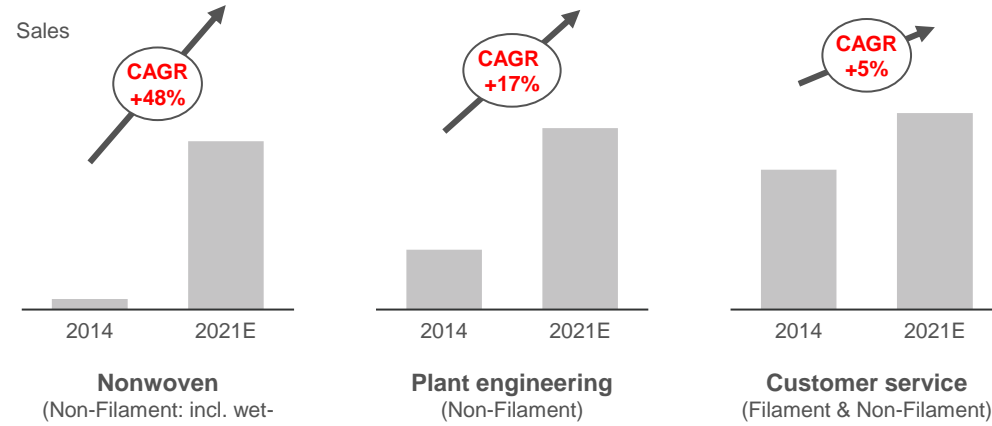
- Traditional Oerlikon applications in ICE & Hybrid engines support OEM's with fuel-efficient solutions to meet increasing emission regulations; downsizing and higher pressures / temperatures are drivers for an increased use of coatings
- A substantial share of Oerlikon's automotive portfolio is outside of the power train: e.g. solutions for suspensions, hydraulics, chassis, interiors

1) Source IHS as per beginning of October 2021; 2) source IHS data, Mck, company estimates

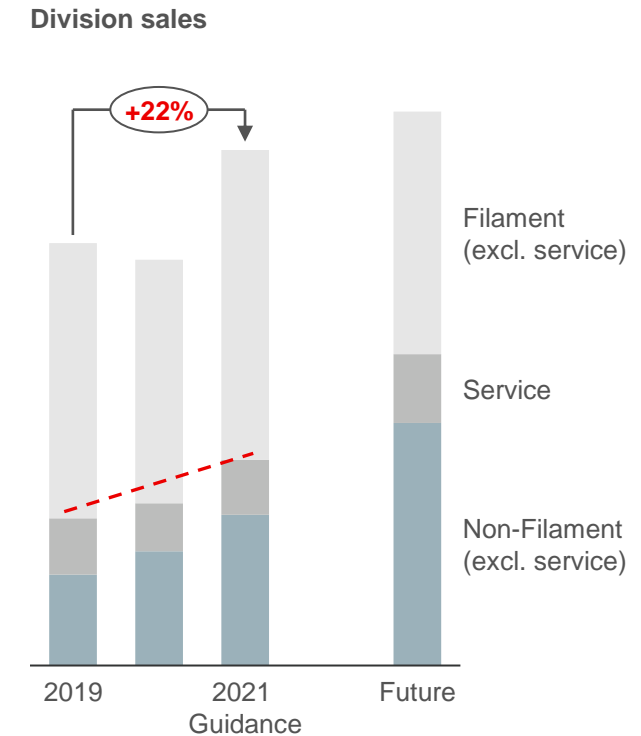
Transforming Polymer Processing Solutions Into a Growth Platform

1 Organic growth initiatives in adjacent markets

- Drive market share gain through innovation, high quality, new product development and improved customer access in Non-Filament
- Market growth in Non-Filament: Nonwoven +8% p.a.; other Non-Filament: +2-3%;
- LT potential from biopolymers / recycling

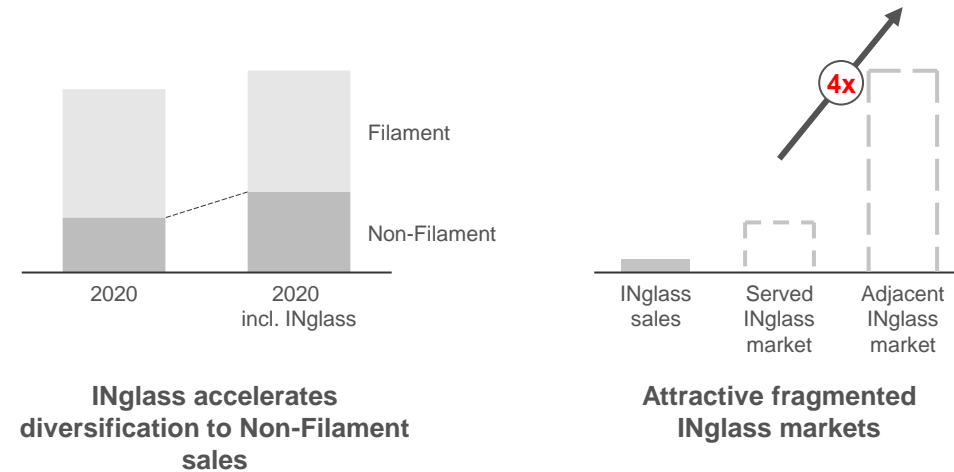


3 Driving structural growth



2 Accretive bolt-on M&A in Non-Filament

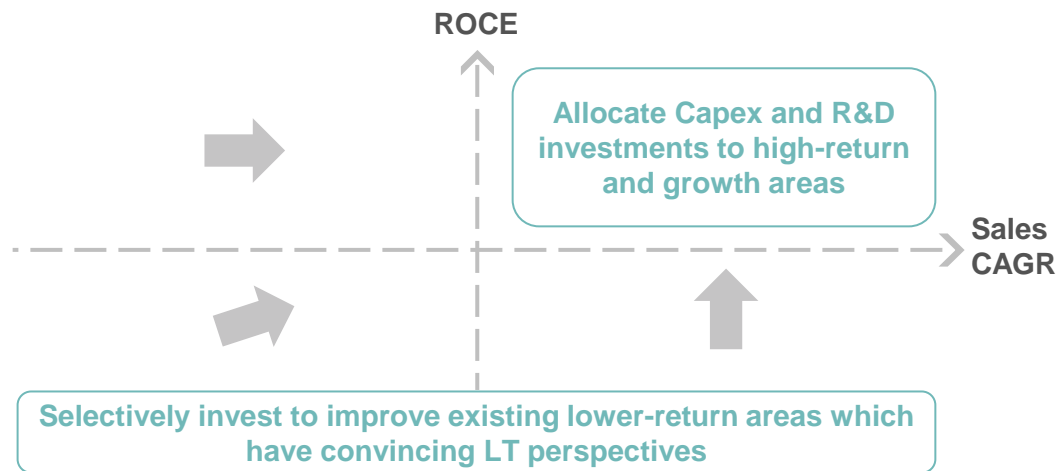
- Attractive adjacent INglass markets:
- Incl. med tech, pharma, bottles and packaging
 - CHF 2bn value
 - Highly fragmented
 - Growing at +5% p.a.



Clear Focus to Sustainably Improve ROCE

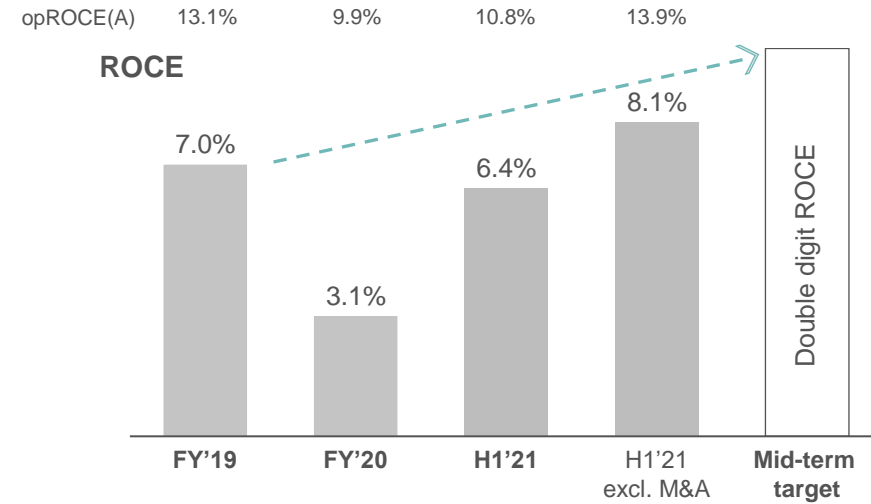
Internal focus on ROCE further strengthened

Capital allocation framework



- **Strengthened capital allocation** framework with capital return and growth perspectives as key investment criteria
- Intensified the internal competition for capital (zero-based budgeting)
- Introduced standardized review process
- Introduction of ROCE as key metric in long-term **management incentivization** program

Achieve double-digit ROCE

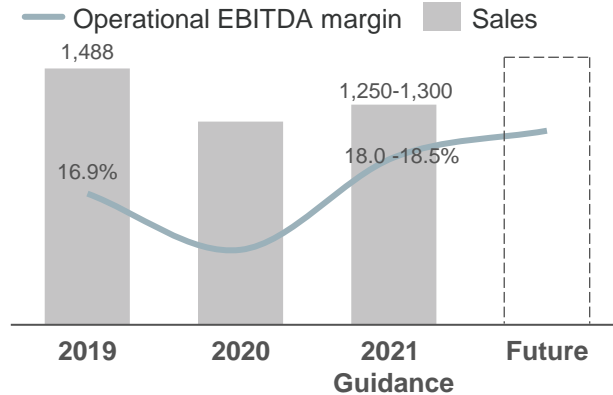


- Focused capital allocation and monitoring along defined growth strategy
- Recovering end-markets
- Continued cost containment

Return on Capital Employed (ROCE) is defined as NOPAT (Net-Operating Profit After Tax) over the Capital Employed; Capital Employed is composed of third party net operating assets, current income tax receivables and current income taxes payable and deferred tax assets and liabilities; on business line level RONA used as proxy for ROCE due to tax accounting; opROCE(A) is defined as Operational EBIT plus amortization from acquired intangibles divided by Capital Employed

Surface Solutions

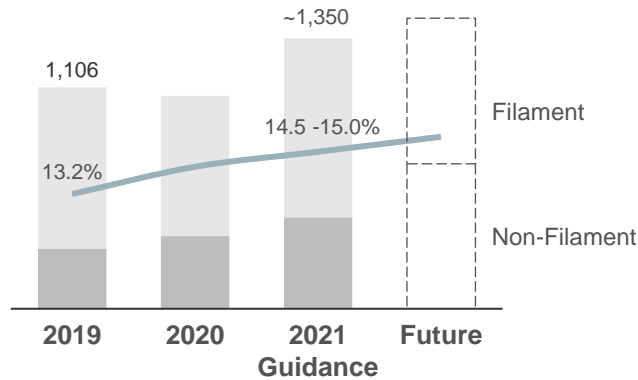
Recovering sales on reduced cost base



- **Shorter-cycle business** driving 2021 sales recovery, with upside from longer-cycle business beyond transitory impacts from supply chain shortages
- Outgrow markets driven by sustainability megatrends, R&D, cross selling, new applications, industries and geographies
- **Cost-out program** executed during crisis benefiting margins

Polymer Processing Solutions

Growth supported by diversification into non-filament



- **Strong filament** demand with full order books until 2022; 2023 books on track to be filled
- **Non-Filament growth** expected driven by organic growth initiatives, mid-single digit market growth, R&D initiatives, premium quality and bolt-on M&A

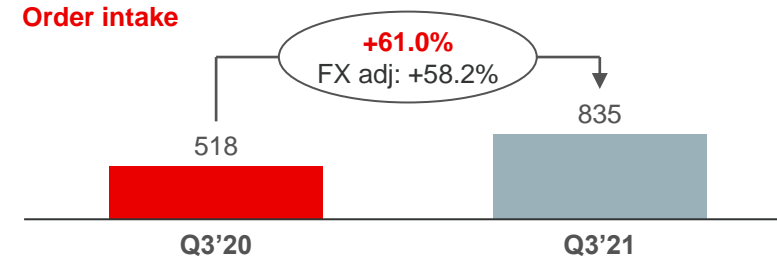
Leading technology & market share, diversified end markets, solid balance sheet



Robust growth driven by both Divisions

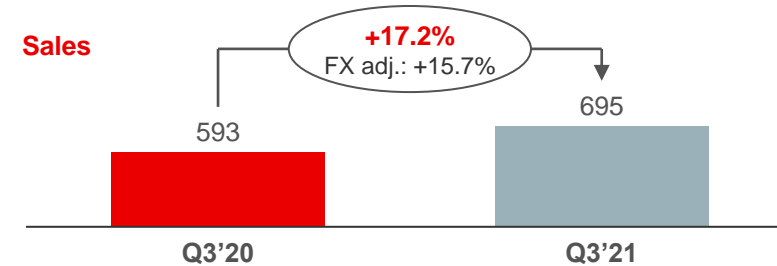
Orders

- **Order intake +61%** including +9% from M&A ¹⁾
- Driven by record order intake in Polymer Processing Solutions and market recovery in Surface Solutions



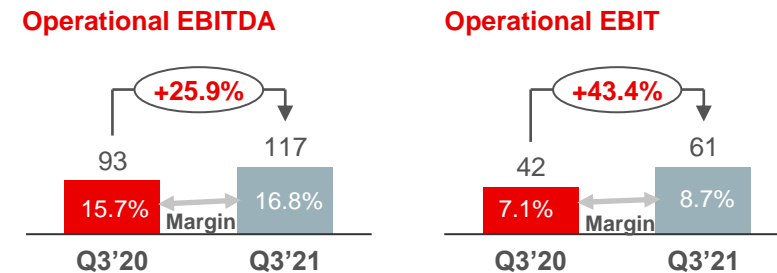
Sales

- **Sales +17%** YoY including +8% from M&A ¹⁾
- Organic growth driven by YoY recovery in Surface Solutions and solid execution in Polymer Processing Solutions



Profit

- **Operational EBITDA +26%**
- Improving margin driven by increasing profitability in Surface Solutions



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 Improving Top and Bottom Line

Market

- **Markets recovering at differing rates**
- Automotive Q3 impacted by chip shortage and supply chain tightness, after strong H1 recovery
- Tooling and general industry with continued strength YoY, though supply chain bottlenecks also with impacts in Q3

Orders

- **Higher** order intake YoY; sequentially slightly down due to market shortages
- Book-to-bill >1 as longer-cycle businesses recover

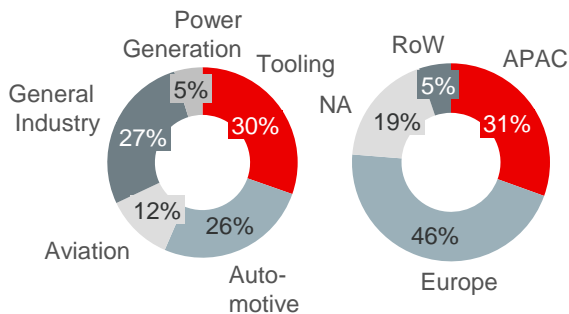
Sales

- **Increased** +15% at constant FX, driven by YoY growth across end markets; incl. +3.6% from Coeurdor ²⁾
- Q3 sales impacted by shortages in automotive industry, which are expected to extend into H1'22
- Q3 aviation sales slightly improved on low levels

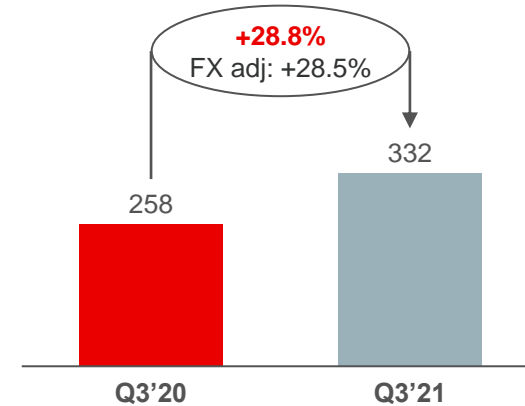
Operational EBITDA

- **Increased** +41% YoY
- Solid margin expansion driven by operating leverage on higher sales and lower costs
- Q3 with less tailwind from business mix effect compared to Q2, as guided

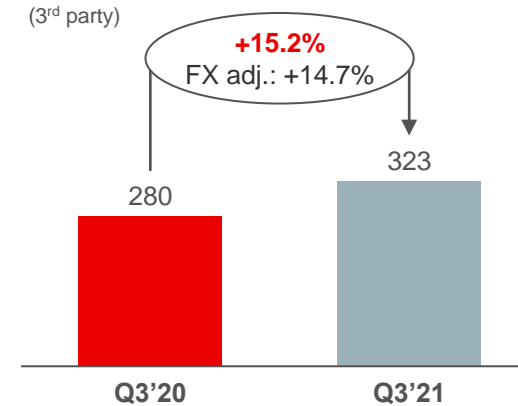
Q3'21 Sales split by markets



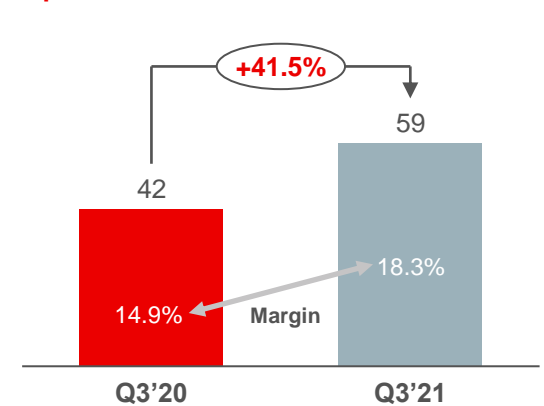
Order intake



Sales



Operational EBITDA ¹⁾



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

Polymer Processing Solutions With Record Order Intake and Sales

Market

- **Favorable market conditions** in Filament: further increased order books for 2022 and 2023; large Filament customers keep on expanding in the value chain
- Non-Filament with strong demand for plant engineering solutions in China and revitalization of BCF in US

Orders

- **Record** order intake in last eight years, driven mainly by Filament; strong order intake to support 2022 sales
- Currently no major impacts of supply chain bottlenecks, logistics and power shortages expected in Q4, though remaining difficult to predict

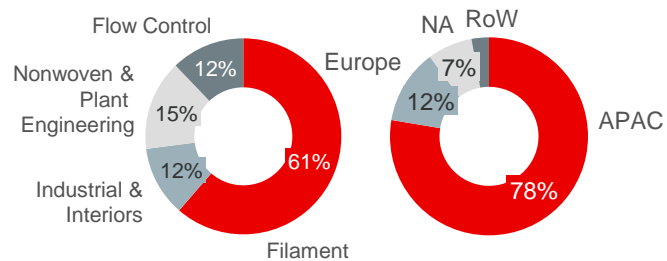
Sales

- **Increased** +17% at constant FX supported by strong demand; INglass contributed CHF +37m or +11.7% YoY
- Non-Filament sales slightly higher driven by INglass; excl. INglass slightly lower YoY due to base effect (face masks) and different timing of larger orders than last year; expect return to growth in Q4

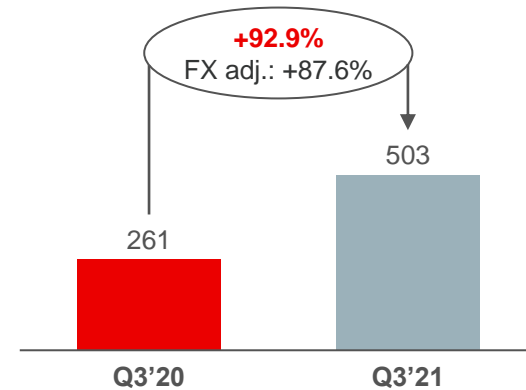
Operational EBITDA

- **Increased** +15% driven by higher sales
- Q3 margin temporarily impacted by higher freight and material costs as well as costs related to a project delay, as indicated at Q2 results publication

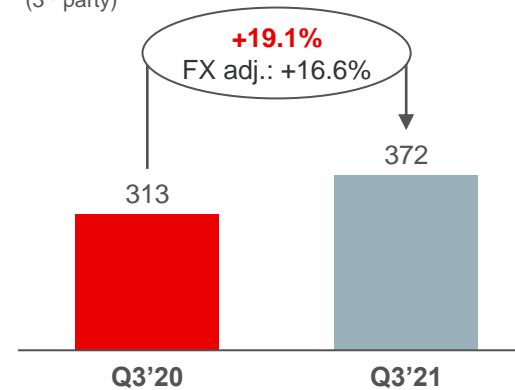
Q3'21 Sales split by markets ¹⁾



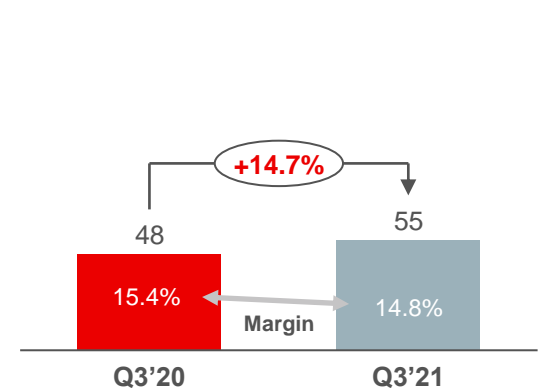
Order intake



Sales
(3rd party)



Operational EBITDA ²⁾



¹⁾ Adjusted subdivision definition as per Q1'21, mainly due to introduction of 'Flow Control' subdivision (including mainly pumps and INglass acquisition); Special Filament renamed to Industrial & Interiors; Plant Engineering renamed to Nonwoven & Plant Engineering; ²⁾ margin based on sales to third parties

Conclusion: Confirming FY'21 Group Guidance Following Strong Q3 and Based on Current Visibility



Forward Looking Priorities

Drive profitable growth

- **Enhance growth** with expansion into adjacent areas (e.g. Non-Filament) and investments into future mobility
- **Strong cost focus** enabling return to operational 16-18% EBITDA margin corridor (YTD 16.9%)
- **Strengthened capital allocation framework** and intensified internal competition for capital to drive ROCE to double-digit target
- **Accretive M&A** executed in both Divisions; solid balance sheet with low leverage ratio
- **Stable dividend** paid in H1



Sales ~2.65 bn

EBITDA margin ~16.5%¹⁾

CAPEX ~120m

1) refers to operational EBITDA margin

Q&A



Appendix



ESG Rating Improvements Following 1st Sustainability Report

Our ESG commitment to 2030

Environmental



- 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

Social

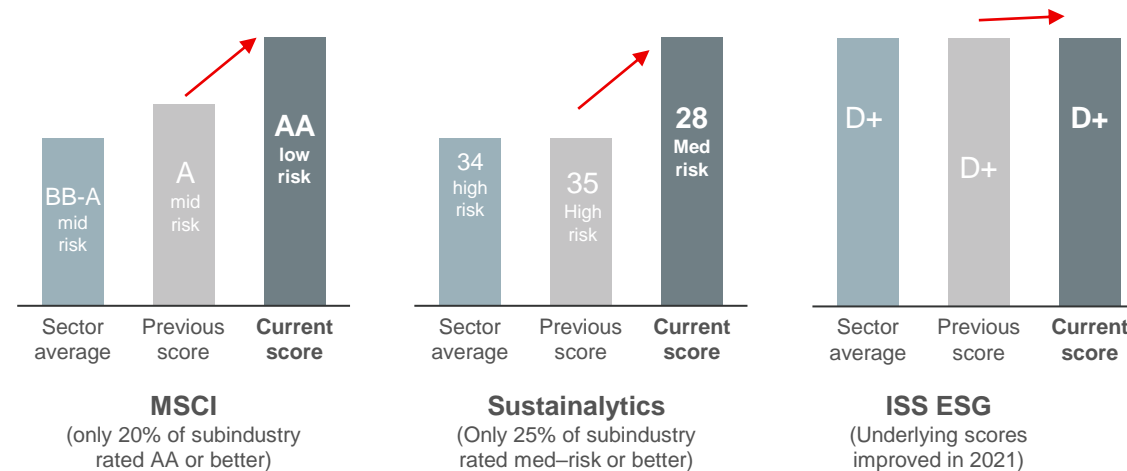


- Increasing the percentage of women in management and leadership roles to 20%
- Increasing the percentage of women in high potential talent programs to 30%
- Ensuring Zero Harm to People

Governance

- Increasing the percentage of employees who have completed the compliance and code of conduct training to >95%

Ratings improvements 2021



Further ratings updates in progress

- Annual update schedules means some ratings are still to be updated
- CDP Climate 2021 filing made in July 2021
- S&P CSA 2021 update scheduled Q4'21

Key ESG milestones 2021

Environmental

- 9 of the 23 Oerlikon sites with the highest energy consumption have implemented an energy management system, 10 more will follow until year end
- 3 of these sites are using renewable energy only by 2022

Social

- Oerlikon will host first internal diversity conference in Q4'21
- Oerlikon organized global HSE day in Sep 2021 with focus on "Pro Active Safety"
- Oerlikon supporting several social projects at schools and colleges in India

Governance

- Oerlikon published renewed code of conduct (CoC) in May 2021; all staff to be trained on CoC
- CoC includes 8 compliance policies including human rights and whistleblowing; additional 3 compliance directives
- Chief Sustainability Officer appointed Jan 2021

Q3 Reconciliation of Profitability Measures

EBITDA to EBIT bridge

	Group		Surface Solutions		Polymer Processing Solutions	
	Q3'21	Q3'20	Q3'21	Q3'20	Q3'21	Q3'20
EBITDA	115	88	58	37	52	48
Depreciation	-34	-33	-26	-28	-7	-5
Impairments	-0	-1	-0	-1	--	--
EBITA	81	54	32	8	45	44
Amortization of Acquired Intangibles	-14	-11	-9	-9	-5	-1
Other Amortization	-8	-7	-4	-4	-3	-2
Impairments	-1	-0	-1	-0	--	--
EBIT	58	36	18	-6	37	41

Operational profitability reconciliations

	Group		Surface Solutions		Polymer Processing Solutions	
	Q3'21	Q3'20	Q3'21	Q3'20	Q3'21	Q3'20
Operational EBITDA	117	93	59	42	55	48
Restructuring expenses	0	-3	0	-3	--	0
Discontinued activities	--	-2	--	-2	--	--
Acquisition and Integration costs	-2	-0	-1	-0	-4	--
EBITDA	115	88	58	37	52	48

	Group		Surface Solutions		Polymer Processing Solutions	
	Q3'21	Q3'20	Q3'21	Q3'20	Q3'21	Q3'20
Operational EBIT	61	42	19	0	40	41
Restructuring expenses	0	-3	0	-3	--	0
Impairments related to restructuring	-1	-1	-1	-1	--	--
Discontinued activities	--	-2	--	-2	--	--
Acquisition and Integration costs	-2	-0	-1	-0	-4	--
EBIT	58	36	18	-6	37	41

YTD Reconciliation of Profitability Measures

EBITDA to EBIT bridge

	Group		Surface Solutions		Polymer Processing Solutions	
	9M'21	9M'20	9M'21	9M'20	9M'21	9M'20
EBITDA	315	180	174	72	133	104
Depreciation	-99	-100	-80	-84	-17	-14
Impairments	-1	-2	-1	-2	--	--
EBITA	214	78	93	-14	116	90
Amortization of Acquired Intangibles	-38	-32	-28	-28	-9	-4
Other Amortization	-23	-21	-11	-14	-8	-5
Impairments	-2	-5	-2	-5	--	--
EBIT	152	20	52	-61	99	82

Operational profitability reconciliations

	Group		Surface Solutions		Polymer Processing Solutions	
	9M'21	9M'20	9M'21	9M'20	9M'21	9M'20
Operational EBITDA	319	210	174	101	137	104
Restructuring expenses	1	-25	1	-24	-0	-0
Discontinued activities	--	-5	--	-5	--	--
Acquisition and Integration costs	-5	-1	-1	-0	-4	--
EBITDA	315	180	174	72	133	104

	Group		Surface Solutions		Polymer Processing Solutions	
	9M'21	9M'20	9M'21	9M'20	9M'21	9M'20
Operational EBIT	159	57	54	-24	102	82
Restructuring expenses	1	-25	1	-24	-0	-0
Impairments related to restructuring	-3	-6	-3	-6	--	--
Discontinued activities	--	-6	--	-6	--	--
Acquisition and Integration costs	-5	-1	-1	-0	-4	--
EBIT	152	20	52	-61	99	82

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