

The background of the slide is a photograph of an Aerlikon catamaran sailing on the water. The boat is white with a blue hull and a large white sail featuring a red and black logo. The sun is low on the horizon, creating a golden glow over the water and a city skyline in the distance.

Q2 2021 Financial results

3 August 2021

Agenda

- 1 | Business Update
- 2 | Q2 Financials
- 3 | Q&A

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Financials

Solid execution – closed 2 accretive M&A deals – raising FY'21 guidance

647m (+7%)
Order intake

628m (+23%)
Sales

111m (+98%)
Operational EBITDA

58m (>+100%)
Operational EBIT



Key messages

- **Strong operational execution** with robust sales and EBITDA growth in Q2, driven by positive momentum in both Divisions and benefits from the cost-out program
- **Diversified business** with two acquisitions in Q2: INglass to enhance growth profile and to accelerate development of non-filament business in Polymer Processing Solutions; Coeurdor provides access to growing luxury goods industry
- **Raising FY'21 guidance** driven by both organic growth and acquisitions: Expecting sales around CHF 2.65bn and operational EBITDA margin around 16.5%



Strategic priorities

**Sustainable
Innovation**

**Cost
Containment**

**Disciplined
Capital Allocation**

Raising FY'21 guidance

End Markets With Varying Recovery Profiles

Polymer Processing Solutions

47% of 2020 Group sales

2021 markets



Growth in filament and non-filament

- Large filament producers confirm expansion plans; visibility into 2023; key players in China continue downstream vertical integration into DTY
- Strong demand for plant engineering solutions in China e.g. staple fiber and continuous polycondensation plants; revitalization of interiors (BCF) in US

▶ **Strong market in polymers**

Tooling

15%



High single-digit

- Shorter-cycle services recovering at varying rates across all markets and geographies
- Driven by recovery in industrial production
- Continued trend to lightweight materials produced on forming tools

▶ **Surface Solutions well positioned for recovery in Tooling and General Industry; Automotive temporarily impacted by supply chain interruptions; Aviation stable on low levels**

General Industrial

16%



Mid - single-digit

- Shorter-cycle services recovering at varying rates across all markets and geographies
- Driven by recovery in industrial production
- Rebound of energy consumption to drive service business in power generation; Oil & Gas gaining momentum YoY, with further improvements in materials business expected

Automotive

14%



High single-digit

- Strong recovery in H1 driven by automotive production
- Some short-term supply chain interruption due to semi-conductor shortages and supply chain shortages (commodities) expected in Q3

Aviation

7%



Stable in H2'21
on low base

- COVID 19 creating perfect storm for aviation industry alongside Trent and 737 impacts
- Aviation expected stable on low levels in H2
- New COVID 19 variants to potentially extend recovery profile
- Narrow body recovery expected before widebody

Continued Focus on Strategic Priorities



Sustainable Innovation

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



Cost Containment

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



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



Q2 launches include INDIAMA, a new machine for deposition of diamond coatings, as well as new thermal barrier and bond coat powders



Achieved ~660bps operational EBITDA **margin expansion**; increased FY margin guidance



Paid **stable** ordinary dividend; diversified business by acquiring INglass and Coeurdor

Drive profitable growth and expand market share

1 INglass - leader in hot-runner systems



- INglass is an innovation and market leader in the supply of hot-runner systems, used for injection molding to produce light-weight high-end components
- A hot-runner system distributes polymers in the injection process, by providing superior temperature and **flow control** vs. alternative solutions
- Applied in multiple industries from automotive and consumer goods to household appliances and packaging
- INglass had **CHF ~135m sales** in 2020 with >1 000 employees; HQ in Italy

2 Flow control a critical technological part at Oerlikon

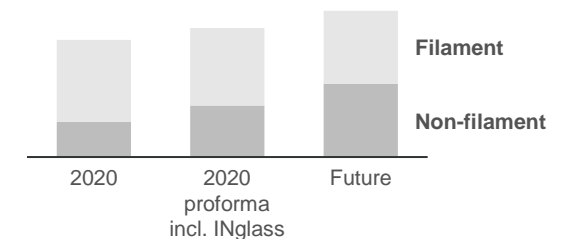


- Oerlikon has extensive flow control know-how across the value chain, mainly in **gear pumps**: focus on precise thermal control, pressure management, continuous flow, use of surface technology key to flow control performance
- Flow control accounted for a **single digit percentage** of Polymer Processing Solutions Division's sales in 2020; ambition to increase going forward
- ~70% of the Polymer Processing Solutions Division's sales in 2020 were generated with filament; ambition to diversify going forward

3 Enhancing growth, diversification and value

- **Diversifying** into non-filament; transforming Manmade Fibers Division into Polymer Processing Solutions Division
- Accessing **high single-digit percentage organic growth** potential
- Transaction to be **highly cash and margin accretive** to Oerlikon from day 1; consolidation as of June 1, 2021
- Highly synergistic deal driven by complementary technology in Polymer Processing Solutions Division and shared market access points in Surface Solutions Division
- Continued alignment with sustainability megatrends around weight reduction

Sales mix Polymer Processing Solutions



Acquiring Coeurdor to Expand in Growing High-End Deco

oerlikon

1 Coeurdor – leading supplier to luxury fashion industry



- Coeurdor is a **manufacturer of metalware** with a focus on surface treatment and product design / engineering
- Customers include leading luxury brands producing leather goods, such as leather bags and belts, as well as pens, jewelry and watches
- Applying galvanization and PVD coating technology; strong focus on speed and customer design
- Headquartered in France, Coeurdor has **>220 employees**

2 Oerlikon to expand in high-end deco



- To date, Oerlikon is primarily present in high-end deco applications such as pens, watches and consumer electronics
- Organic expansion beyond pens and watches based on leading innovation
- Trusted **long-term customer relations** and **design expertise** are key in high-end deco industry

3 Leveraging Coeurdor brand and Oerlikon technology

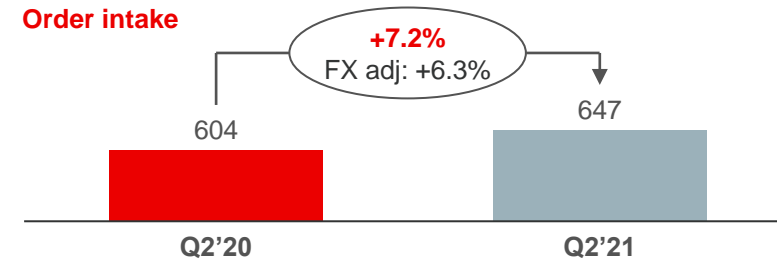
- Acquisition provides access to annual **mid to high-single digit % market growth** of luxury leather goods; no financials of acquisition disclosed; consolidation as of June 1
- **Acquisition expands offering** and **foothold** of Surface Solutions Division in the luxury goods industry
- Maintain Coeurdor brand and **expand through Coeurdor** in high-end-deco industry with leading Oerlikon technology
- Coeurdor benefiting from Surface Solutions' technology leadership and global footprint
- Combination of Oerlikon and Coeurdor to accelerate luxury goods industry shift to PVD as a **greener technology**



Sales and EBITDA growth driven by both Divisions

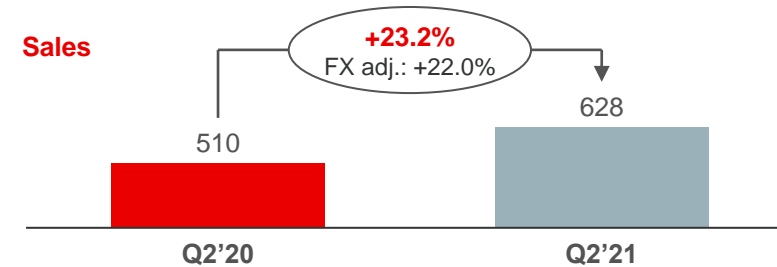
Orders

- **Order intake up +7%** driven by market recovery in Surface Solutions; including +3% M&A ¹⁾
- Polymer Processing Solutions showed robust performance, YoY trend was impacted by high Q2'20 order intake



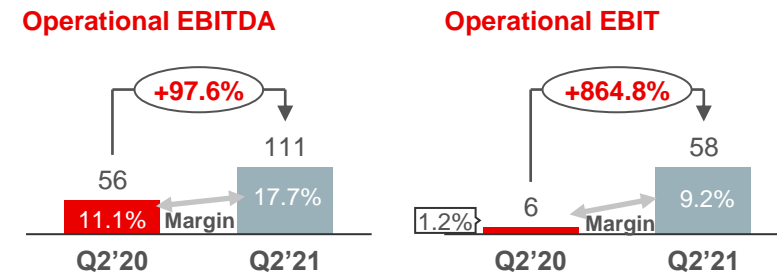
Sales

- **Sales up 23%** YoY including +3% M&A ¹⁾
- Organic growth driven by recovery in Surface Solutions and robust performance in Polymer Processing Solutions



Profit

- **Operational EBITDA strongly up** with +660bps improvement in margin
- Margin expansion driven by positive operating leverage and structural cost measures 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 Recovering Markets and Cost Containment

Market

- **Markets recovering at varying rates**
- Automotive with strong recovery in H1; Q3 to be impacted by chip shortage and supply chain tightness (commodities)
- Tooling and general industry with improving trends, particularly in coating service business
- Aviation stable on low levels

Orders

- **Higher** order intake YoY and sequentially
- Book-to-bill >1 as longer-cycle business starts to take orders; short-cycle business continues recovery

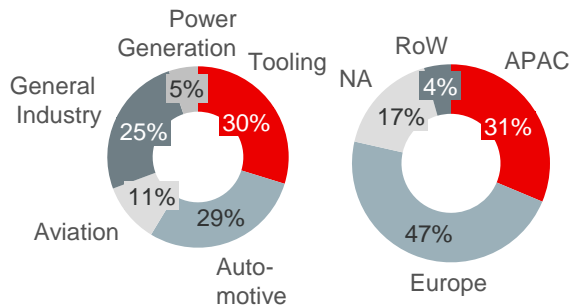
Sales

- **Increased** +23% at constant FX driven by recovery in tooling, automotive and general industry; incl. +2% from Coeurdor ³⁾
- Q3 sales to be impacted by continued recovery in tooling and general industry and by shortages in automotive; aviation expected stable

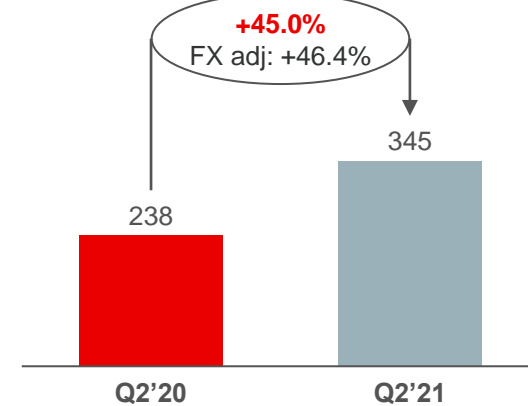
Operational EBITDA

- **Increased** +229% YoY
- Margin strongly increased driven by strong operating leverage on higher sales and lower costs
- Expect operating leverage in H2 to be partly offset by less tailwind from business mix effect

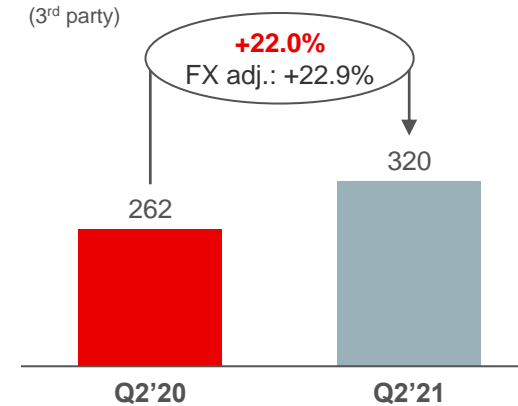
Q2'21 Sales split by markets ¹⁾



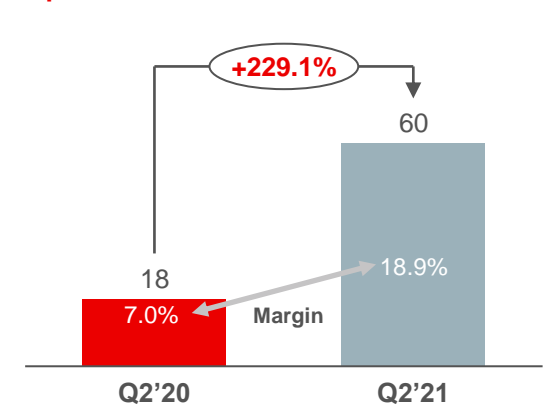
Order intake



Sales
 (3rd party)



Operational EBITDA ²⁾



1) Coeurdor was integrated into General Industry; 2) Margin based on sales to third parties; 3) Coeurdor consolidated as of June 1, 2021

Polymer Processing Solutions With Substantial Sales and Margin Increase

Market

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

Orders

- **Lower** order intake YoY due to Q2'20 having been strongest second quarter order intake in eight years
- Expect sequential order increase in H2; H1'21 with total CHF 618m orders

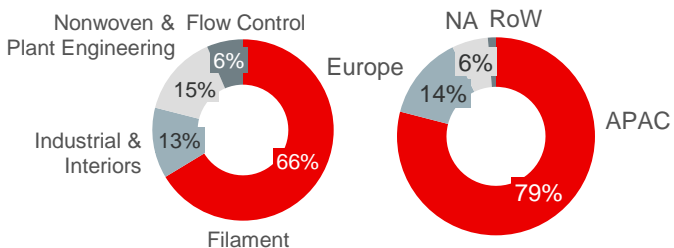
Sales

- **Up** +21% at constant FX supported by strong demand; INglass contributed CHF +12m or +5% YoY being consolidated as of June 1, 2021
- Diversification into non-filament ongoing with sales up +12%, driven by INglass

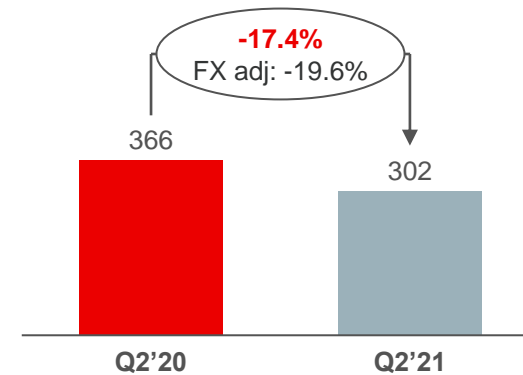
Operational EBITDA

- **Up** +31% driven by higher sales
- Margin improvement supported by operating leverage and INglass
- Q3 to be transitorily impacted by increasing freight and material costs as well as costs related to a project delay

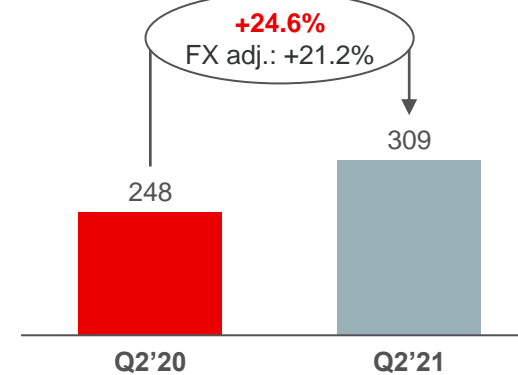
Q2'21 Sales split by markets ¹⁾



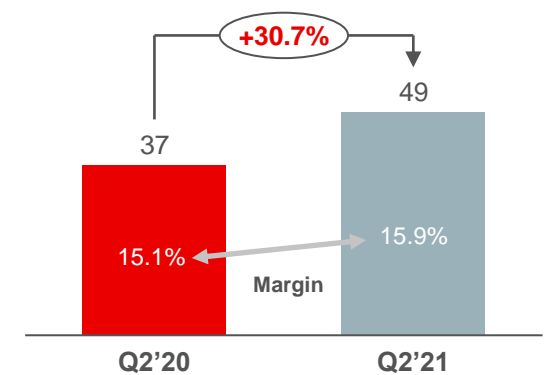
Order intake



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

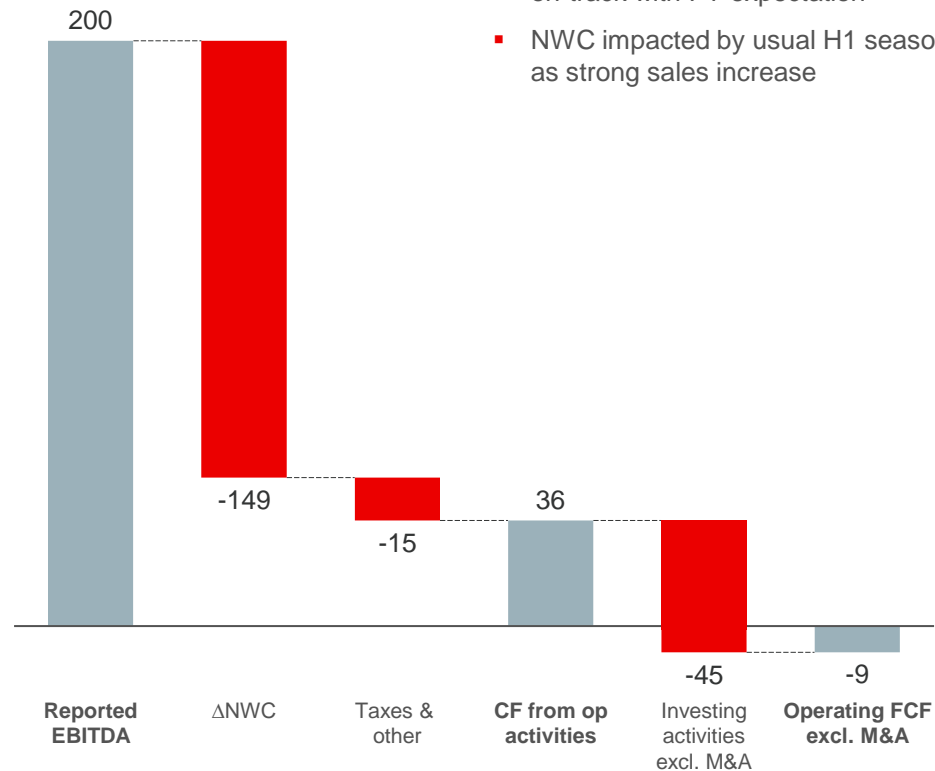
Focus on Cash Flow and ROCE



Operating FCF impacted by Net Working Capital

H1'21

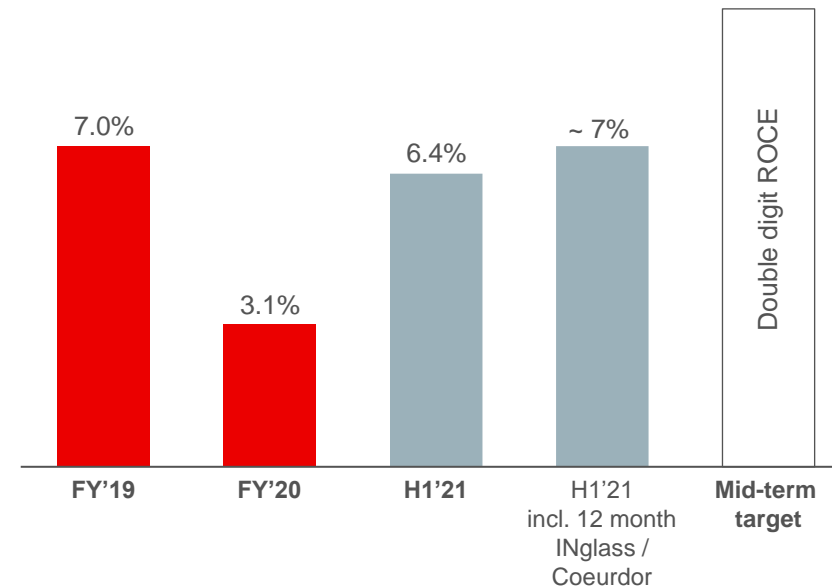
- Operating FCF impacted by NWC; expect NWC impact to partially reverse towards YE; on-track with FY expectation
- NWC impacted by usual H1 seasonality as well as strong sales increase



ROCE improving

Q2 LTM

- Improvement** supported by cost actions
- On FY'19 levels when including 12 months of INglass / Coeurdor consolidation pro forma
- On-track** to reach double digit ROCE ambition in the mid-term

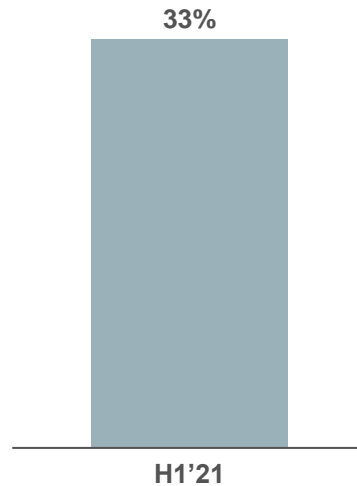


Solid leverage and equity ratios

Net debt / operational EBITDA ratio



Equity ratio



Commitment to strong balance sheet

- Commitment to maintaining a **prudent financial policy** and strong balance sheet
- Expect net debt / EBITDA ratio to **improve** towards YE
- Successfully **placed CHF 575m** senior unsecured bonds in May, allowing to finance INglass and Coeurdor acquisitions at attractive terms and locking in attractive interest rate conditions

Net debt/operational EBITDA Includes LTM proforma EBITDA of INglass and Coeurdor acquisitions (1,2x excluding); equity ratio based on total equity

Raising FY'21 guidance after strong H1

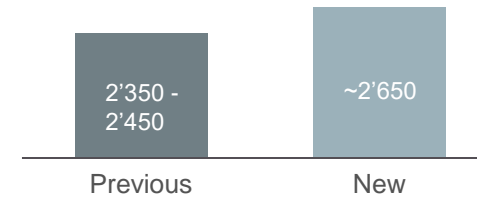
Driven by strong momentum, solid execution and accretive M&A



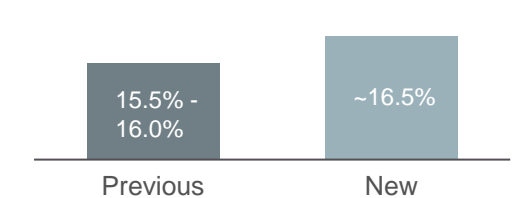
Group

- Expect order intake CHF~2.75 bn
- **Sales up** +10% driven by strong momentum and acquisitions
- **Higher margin** (+75bps) supported by strong execution in both Divisions

Sales



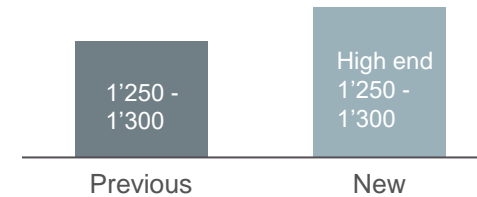
Operational EBITDA margin



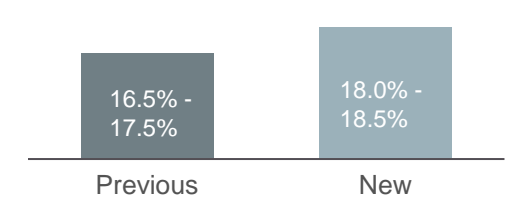
Surface Solutions

- Expect order intake CHF ~1.3 bn
- **Sales up** driven by Coeurdor; organic recovery on-track
- **Higher margin** supported by stronger effects of cost-out measures and mix; expect less tailwind from mix in H2

Sales



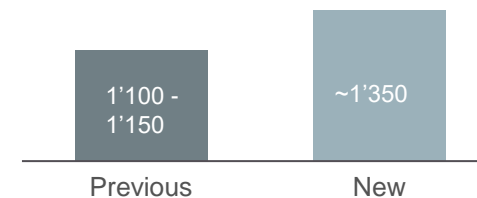
Operational EBITDA margin



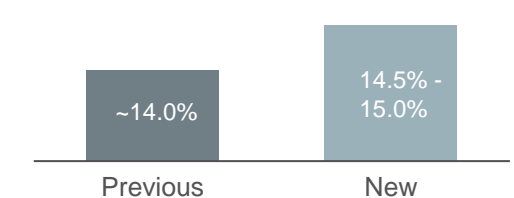
Polymer Processing Solutions

- Expect order intake CHF ~1.45 bn
- **Sales up** driven by INglass and organic momentum in filament and non-filament
- **Higher margin** driven by INglass; guidance incorporates transitory impacts of higher freight/material costs and a project delay in Q3

Sales



Operational EBITDA margin



Q&A



Appendix



Q2 Reconciliation of Profitability Measures

EBITDA to EBIT bridge

	Group		Surface Solutions		Polymer Processing Solutions	
	Q2'21	Q2'20	Q2'21	Q2'20	Q2'21	Q2'20
EBITDA	112	34	62	-4	49	37
Depreciation	-33	-33	-27	-28	-6	-5
Impairments	-1	--	-1	--	-0	--
EBITA	77	1	34	-32	43	33
Amortization of Acquired Intangibles	-12	-11	-9	-9	-3	-1
Other Amortization	-8	-7	-4	-4	-3	-2
Impairments	-1	-5	-1	-5	--	--
EBIT	56	-22	20	-50	38	30

Operational profitability reconciliations

	Group		Surface Solutions		Polymer Processing Solutions	
	Q2'21	Q2'20	Q2'21	Q2'20	Q2'21	Q2'20
Operational EBITDA	111	56	60	18	49	37
Restructuring expenses	1	-21	1	-21	-0	-0
Discontinued activities	--	-1	--	-1	--	--
Acquisition and Integration costs	-1	0	-0	-0	--	--
EBITDA	112	34	62	-4	49	37

	Group		Surface Solutions		Polymer Processing Solutions	
	Q2'21	Q2'20	Q2'21	Q2'20	Q2'21	Q2'20
Operational EBIT	58	6	20	-23	38	30
Restructuring expenses	1	-21	1	-21	-0	-0
Impairments related to restructuring	-2	-5	-2	-5	--	--
Discontinued activities	--	-2	--	-2	--	--
Acquisition and Integration costs	-1	0	-0	-0	--	--
EBIT	56	-22	20	-50	38	30

YTD Reconciliation of Profitability Measures

EBITDA to EBIT bridge

	Group		Surface Solutions		Polymer Processing Solutions	
	HY'21	HY'20	HY'21	HY'20	HY'21	HY'20
EBITDA	200	92	115	35	82	56
Depreciation	-65	-67	-53	-56	-10	-9
Impairments	-1	-1	-1	-1	--	--
EBITA	134	25	61	-22	71	46
Amortization of Acquired Intangibles	-23	-21	-19	-19	-4	-2
Other Amortization	-14	-14	-7	-9	-5	-3
Impairments	-1	-5	-1	-5	--	--
EBIT	95	-16	34	-55	62	41

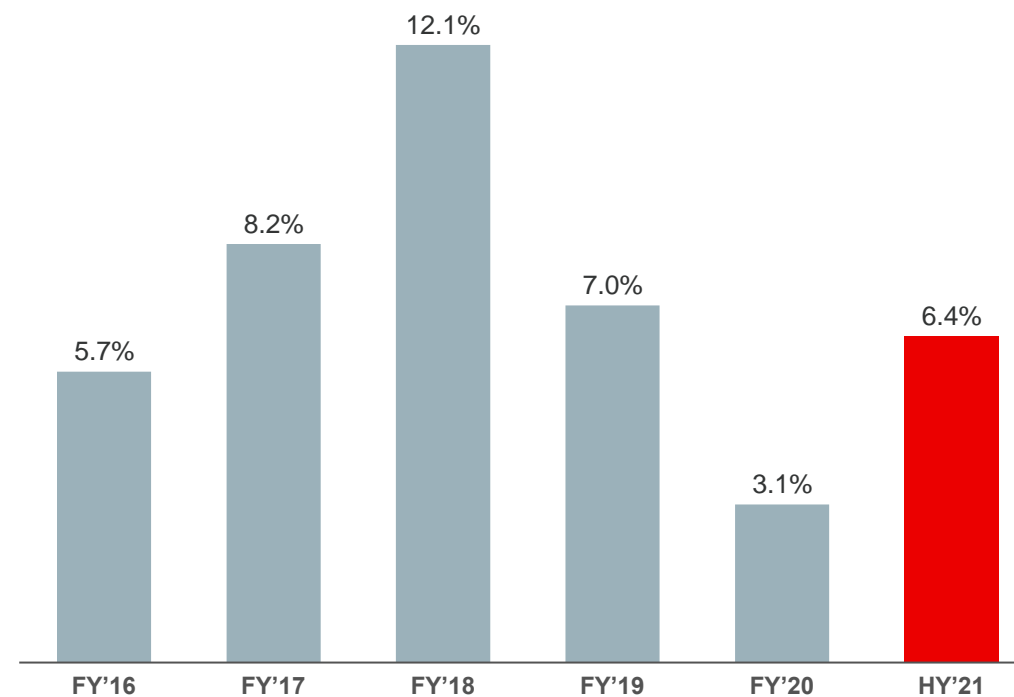
Operational profitability reconciliations

	Group		Surface Solutions		Polymer Processing Solutions	
	HY'21	HY'20	HY'21	HY'20	HY'21	HY'20
Operational EBITDA	202	117	115	59	82	56
Restructuring expenses	1	-21	1	-21	-0	-0
Discontinued activities	--	-3	--	-3	--	--
Acquisition and Integration costs	-3	-0	-0	-0	--	--
EBITDA	200	92	115	35	82	56

	Group		Surface Solutions		Polymer Processing Solutions	
	HY'21	HY'20	HY'21	HY'20	HY'21	HY'20
Operational EBIT	99	15	35	-25	62	41
Restructuring expenses	1	-21	1	-21	-0	-0
Impairments related to restructuring	-2	-5	-2	-5	--	--
Discontinued activities	--	-4	--	-4	--	--
Acquisition and Integration costs	-3	-0	-0	-0	--	--
EBIT	95	-16	34	-55	62	41

Return on Capital Employed (ROCE)

	HY 2021	FY 2020
EBIT	183	73
- Total current income tax	-38	-29
- Total deferred tax income	0	6
NOPAT	146	51
Net Operating Assets	2,341	1,637
+ Current income tax receivables	36	31
+ Deferred tax assets	147	139
- Current income tax payables	- 54	- 47
- Deferred Tax liabilities	- 178	- 125
Capital Employed	2'291	1'634



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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