Strong growth momentum continued in all businesses – guidance confirmed

Dr. Roland Fischer, CEO

Jürg Fedier, CFO

Q3 2018 Business Update

October 30, 2018

Agenda

Continued strong quarterly growth and good operating profitability[1] – outlook confirmed

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1 Achieving strong top-line growth

- Group order intake up 22.2 % – Group sales up 28.9 %
- Driven by growth in Surface Solutions (>10 %) and maintained momentum in Manmade Fibers (>50 %)

2 Delivering 15.0 % EBITDA margin

- Group's EBITDA margin at 15.0 %, after full absorption of costs related to the AM business and other growth initiatives
- Surface Solutions within guided corridor (18.3 %) and slight improvement in Manmade Fibers (11.5 %)

3 Committing to strategy

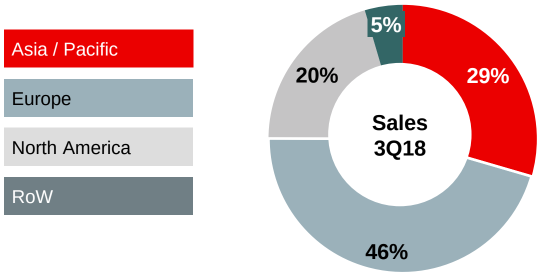
- Closing process for Drive Systems Segment according to plan
- String-of-pearls acquisitions and investments to strengthen Surface Solutions' leadership position executed
- Focus to redeploy cash and balance sheet in a disciplined manner in Surface Solutions and attractive adjacent markets

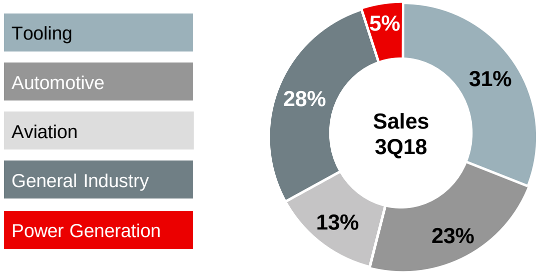
4 Confirming growth and profitability guidance for 2018

- Group order intake expected to grow exceeding CHF 2.6 billion (>15 %) and sales to around CHF 2.6 billion (around 20 %)
- Group's EBITDA margin to exceed 15.5 %

[1] Continuing operations

Surface Solutions Segment – Delivering good top-line growth and maintaining attractive profitability level





OPERATIONAL PERFORMANCE

- Good growth in orders and sales driven by Tooling, Automotive, Aviation and General Industry
- Acquisitions and material surcharges in total added ~CHF 22 m to top-line in 3Q18
- Strong increase in thermal spray materials and in equipment; slower seasonal growth in coating services for tools and precision components; momentum on ePD[1]
- 3Q18 EBITDA profitability impacted by product mix and higher operating expenses related to AM/Automotive investments – maintaining guided corridor (18 – 20 %)
- Additive Manufacturing industry conference (MTC) confirming business opportunity and industry challenges

MARKET DEVELOPMENT

- Tooling market with continued solid demand in all regions, showing normal seasonality pattern in Q3
- Automotive business remains positive in Asia, robust in the US and slightly softer in Europe
- Solid demand in General Industry globally (IP[2])
- Aerospace market with continued growth
- Power Generation with ongoing challenging market environment, especially large gas turbines
- North America with strong growth, good development in Europe and Asia

in CHF million	3Q18	3Q17	y-o-y	y-o-y ex FX	9M18	9M17	y-o-y	y-o-y ex FX
Order intake	395	348	13.5%	13.1%	1'174	1'039	13.0%	10.9%
Sales (3rd parties)	373	335	11.3%	11.3%	1'128	1'004	12.4%	10.4%
EBITDA	69	69	0.0%	–	218	209	4.3%	–
In % of sales	18.3%	20.4%	–	–	19.2%	20.7%	–	–
EBIT	34	35	-2.9%	–	116	115	0.9%	–
In % of sales	9.2%	10.4%	–	–	10.2%	11.4%	–	–

[1] ePD = embedded PVD (Physical Vapor Deposition) for design parts
[2] IP = Industrial Production

Automotive – a structural growth market for the Surface Solutions Segment

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DRIVERS FOR EXPECTED FUTURE OUTPERFORMANCE

INNOVATION

- Recent launch of ePD (embedded Physical Vapor Deposition), S^3 (Segmented Synchroniser System)
- Brake Disc: rust and dust free brake disc
- SUMEBore: cylinder bore coatings resulting in low friction, reduced consumption & wear
- Growing need for high performance tools for production of electro-motors
- Future growth drivers such as smaller gear boxes for hybrid cars or increasing number of gears to reduce fuel consumption call for further innovative products

PENETRATION

- Penetration of ePD to replace electroplating market (decorative and functional coatings)
- Brake discs (replacing uncoated brake discs)
- High performance sync penetration to Commercial Vehicle Transmission gearboxes
- Coating for tools to support production efficiency and parts performance
- Trend for light weight: Increase of high strength steel in car body/structure (BALINIT FORMERA) and usage of Aluminum (trimming tools with BALINIT TRITON)

REGIONS

- Europe: Expand footprint in Germany (ePD Competence Center in Bisingen, Tools service center in Bielefeld) and Slovakia (Velka Ida)
- Asia: Expansion of footprint in Japan (Nagoya), China (Changchun, Xian, Chengdu, Dalian) and India (Chennai, Manesar)

ACQUISITIONS

- Acquisition of DIARC Technology Oy (20 Feb 2018), a Finnish surface engineering company
- Acquisition of Eicker KG (8 Oct 2018), a German heat treatment supplier for the automotive industry

CAGR 2015-2018e

Oerlikon Automotive Business	>5%
Automotive market[1]	3%

CONCLUSION

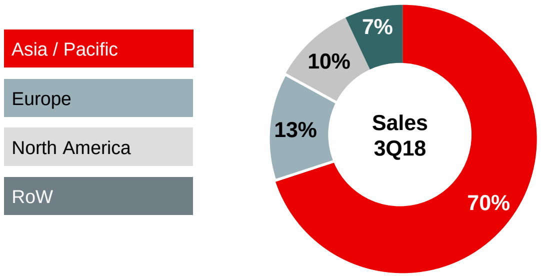
The structural growth element in the automotive end market provides for opportunities beyond pure automotive volume business.

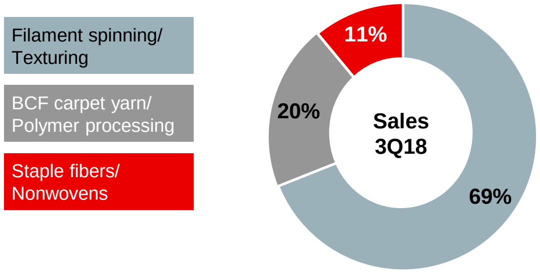
Oerlikon expects to continue to grow above the overall automotive market.

Oerlikon's growth pattern in the automotive end market supports Surface Solutions' mid term growth expectation of 4 – 6 % CAGR.

[1] source: IHS Inc.

Manmade Fibers Segment – Healthy order intake level maintained and strong sales increase achieved





OPERATIONAL PERFORMANCE

- Good order intake driven by large filament project orders and in CP[2] projects (China)
- Strong sales growth in texturing (China) and BCF[1] (North America), solid growth in filament / CP[2] (China)
- Successful ramp-up in production capacities
- EBITDA margin improved disproportional due to:
  - lower-margin projects from early market recovery
  - product mix
  - one-offs related to carve out of divestment
- Good customer interest at ITMA Asia on innovation and factory 4.0 solutions in October in Shanghai

MARKET DEVELOPMENT

- Maintaining healthy demand in filament equipment market in China – automation and digitalization concepts with accelerated interest from Tier 1
- Ongoing texturing equipment demand, in particular in China, as a result of increased filament activities
- Expected reduced activities in BCF[1] from US / Turkey
- Project opportunities in staple fibers and nonwovens in Europe and Asia
- Increasing project landscape for CP[2] solutions
- Strong project pipeline results in continued high level of order intake with delivery lead times reaching into 2021

in CHF million	3Q18	3Q17	y-o-y	y-o-y ex FX	9M18	9M17	y-o-y	y-o-y ex FX
Order intake	260	188	38.3%	37.7%	916	556	64.7%	57.4%
Sales (3rd parties)	314	198	58.6%	56.3%	828	445	86.1%	77.5%
EBITDA	36	22	63.6%	–	95	25	>100%	–
In % of sales	11.5%	11.2%	–	–	11.5%	5.7%	–	–
EBIT	30	17	76.5%	–	77	10	>100%	–
In % of sales	9.5%	8.5%	–	–	9.3%	2.2%	–	–

[1] Bulked continuous filament (carpet yarn); [2] Continuous Polymerization

Agenda

Group performance builds on strong top-line growth in both Segments and investments in the future[1]

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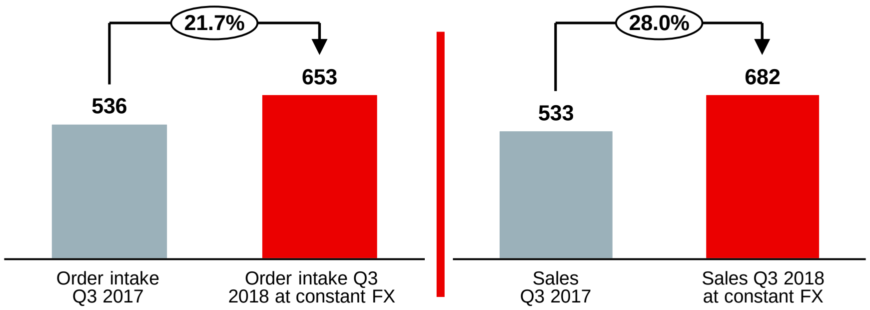
in CHF million	3Q18	3Q17	y-o-y	9M18	9M17	y-o-y
Order intake	655	536	22.2%	2'090	1'595	31.0%
Sales (3rd parties)	687	533	28.9%	1'956	1'449	35.0%
EBITDA	103	89	15.7%	311	226	37.6%
In % of sales	15.0%	16.7%	–	15.9%	15.6%	–
EBIT	62	49	26.5%	190	113	68.1%
In % of sales	9.0%	9.2%	–	9.7%	7.8%	–

- Surface Solutions Segment with continued strong order intake and good sales growth; level of profitability within guided corridor impacted by investment in growth projects
- Manmade Fibers maintaining high level of order intake and further increased sales; profitability impacted by project profiles
- Group with book-to-bill <1 for 3Q18 and >1 for 9M 18
- Currencies provided tailwinds on orders and sales year-on-year and headwinds sequentially

Top-line development at constant FX (y-o-y)

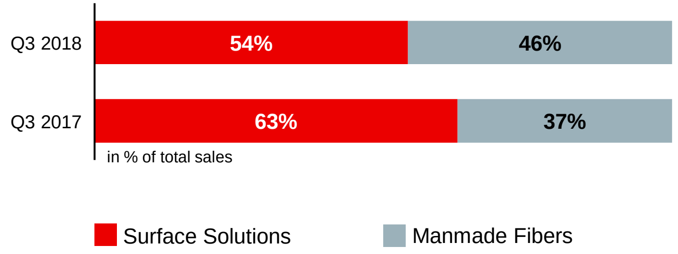


Sales growth	3Q18 vs. 3Q17 (y-o-y)	3Q18 vs. 2Q18 (q-o-q)
Reported	**28.9%**	**3.3%**
Performance	28.1%	6.3%
FX translation	0.8%	-3.0%

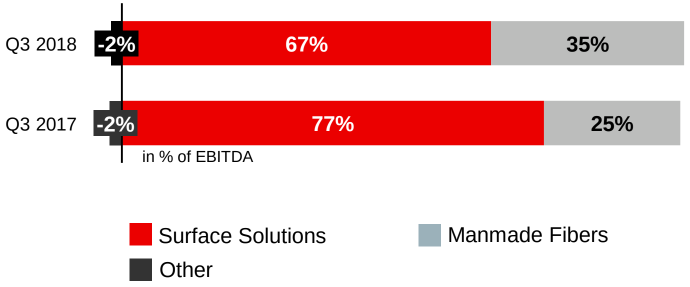
[1] 2018 continuing operations, 2017 restated for divestment of Drive Systems and IFRS 15

Business split[1] – Ongoing recovery in Manmade Fibers reflected in Group splits

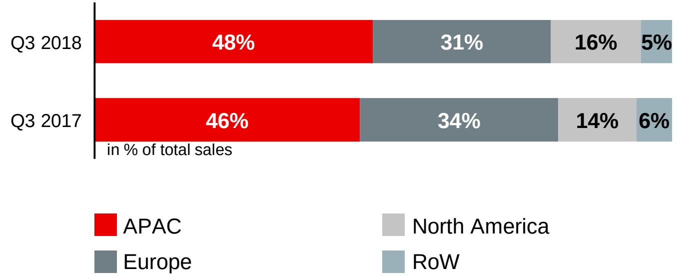
Segment sales split



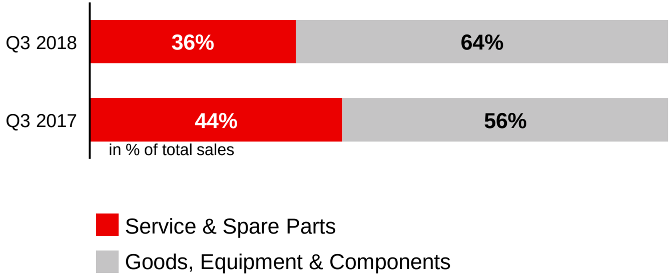
Segment EBITDA split



Regional sales split



Service business

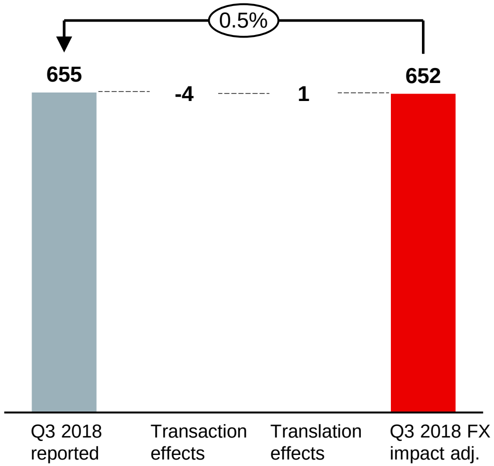


[1] 2018 continuing operations, 2017 restated for divestment of Drive Systems and IFRS 15

FX impact on Orders, Sales and EBITDA in Q3 2018[1]

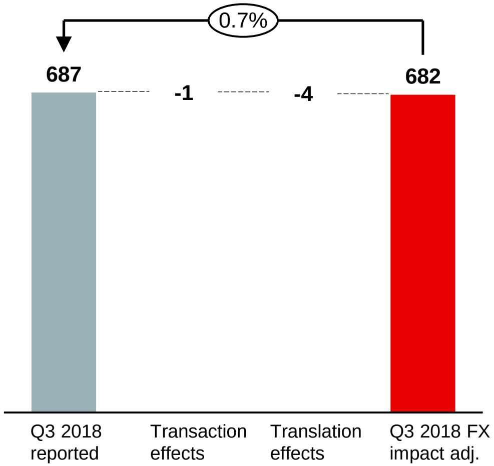
Order intake Q3 2018

In CHF million



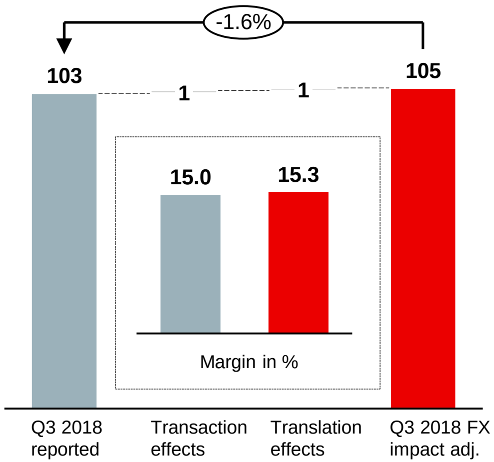
Sales Q3 2018

In CHF million



EBITDA Q3 2018

In CHF million



[1] 2018 continuing operations, 2017 restated for divestment of Drive Systems and IFRS 15

- Top-line impact mainly related to currency translation as a result of reporting currency CHF
- Appreciation of EUR and CNY against CHF vs. devaluation of USD against CHF
- Impact on EBITDA margin only minor

Return On Capital Employed (ROCE)

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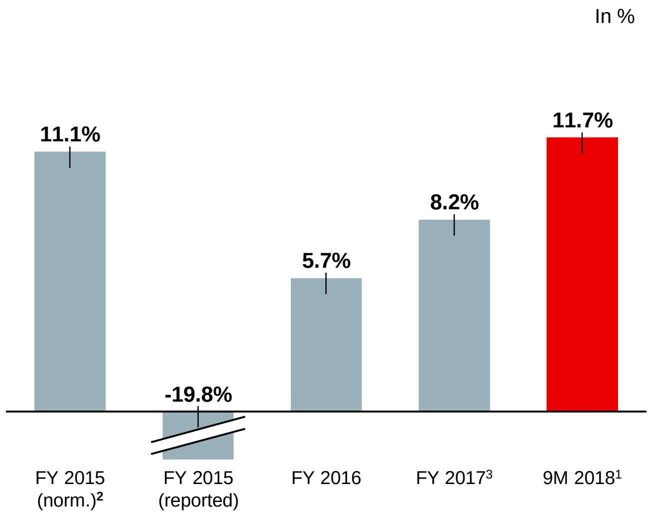
	9M 2018[1]	FY 2017[3]
EBIT	245	219
- Total current income tax	-65	-75
- Total deferred tax income	-9	11
NOPAT	**171**	**155**
Net Operating Assets	1'531	1'949
+ Current income tax receivables	17	27
+ Deferred tax assets	117	151
- Current income tax payables	-66	-65
- Deferred Tax liabilities	-142	-165
Capital Employed	**1'457**	**1'897**



[1] 12-months rolling, continuing operations
[2] Normalized EBIT excl. one-time restructuring cost of CHF 112 million and impairments of CHF 476 million; Current income taxes adjusted accordingly
[3] Restated for IFRS 15

- Higher ROCE as a result of increased NOPAT → Mainly driven by higher profitability in Manmade Fibers
- Lower Net Operating Assets within capital employed reflect mainly the divestment of Drive Systems Segment

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2018 Group outlook confirmed[1] – Delivering top-line growth and attractive profitability level

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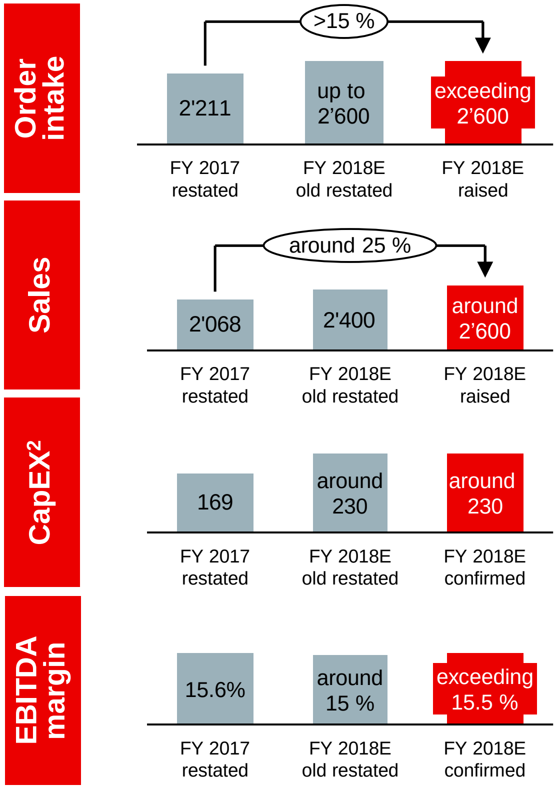

Underlying Group / Segment assumptions

Oerlikon Group[2]

- Guidance based on restated results 2017 (divestment of Drive Systems and IFRS 15) – applicable in 2018
- Top-line growth of >15 % in order intake and around 25 % in sales
- Book-to-bill >1
- Sizeable CapEx for further growth
- EBITDA margin to exceed 15.5 %[3]
- Smaller acquisitions included in guidance

Impacts from Drive Systems divestment:

- Closing expected late 2018 / Q1 2019
- ~CHF 600m cash proceeds expected at closing
- Group tax rate FY 2018 expected slightly below 30 %, going forward converging towards 25 %
- Cumulative exchange differences (CTA) of CHF -285m (**non-cash**) at closing

Surface Solutions Segment

- Order intake to increase around 6 %
- Sales growth up to 10 % driven by continued positive regional and end-market environment
- Additive Manufacturing business and smaller acquisitions included
- Confirming EBITDA margin in corridor of 20 – 22 % excluding AM investments (reported 18 – 20 % corridor)

Manmade Fibers Segment

- Order intake to exceed CHF 1.1 bn due to ongoing strong project pipeline
- Sales slightly exceeding CHF 1.1 bn due to prudent, successful capacity ramp-up
- EBITDA margin to exceed 11.5 % – operating leverage / improvements, partly offset by projects from early recovery, higher cost (ramp-up)

[1] Continuing operations
[2] Including around CHF 32 m (2017) and > CHF 30m (2018) related to Additive Manufacturing (AM); [3] Including full absorption of all related investment expenses in AM and discontinued effects Drive Systems

Q&A

1 Achieving strong top-line growth

2 Attractive EBITDA margin

3 Confirming growth and profitability guidance for 2018

4 Nomination of additional non-affiliated member to the Board (AGM 2019)

Agenda

1	Q3 2018 Business Update
2	Q3 2018 Financial Review
3	Outlook
4	**Appendix**

Group – Restated key financial figures Divestment Drives Systems / IFRS 15

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in CHF million

Key financial figures (divestment Drive Systems / IFRS 15)	Q1 2018 restated	2017 restated	Q1 2017 restated	Q2 2017 restated	Q3 2017 restated	Q4 2017 restated
Oerlikon Group						
Order intake	757	2’211	525	534	536	616
Order backlog	651	496	425	475	492	496
Sales (3rd parties)	604	2’068	429	487	533	619
EBITDA	95	322	68	69	89	96
EBITDA margin	15.7 %	15.6 %	15.8 %	14.2 %	16.7 %	15.5 %
EBIT	56	167	32	32	49	54
EBIT margin	9.2 %	8.1 %	7.4 %	6.7 %	9.2 %	8.8 %
Financial income		11				
Financial expenses		-19				
Result before taxes (EBT)		159				
Income taxes		-64				
Result from continuing operations		95				
Result from discontinued operations		56				
Net Income		151				

Segments – Restated key financial figures (IFRS)

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in CHF million

Key financial figures (IFRS 15)	2017 restated	Q1 2017 restated	Q2 2017 restated	Q3 2017 restated	Q4 2017 restated
Surface Solutions Segment					
Order intake	1’412	351	340	348	373
Order backlog	124	100	102	115	124
Sales (3rd parties)	1’370	331	338	335	366
EBITDA	276	70	70	69	67
EBITDA margin	20.1 %	21.1 %	20.7 %	20.4 %	18.2 %
EBIT	149	40	40	35	34
EBIT margin	10.8 %	12.1 %	11.6 %	10.4 %	9.2 %
Manmade Fibers Segment					
Order intake	799	174	194	188	243
Order backlog	372	325	373	377	372
Sales (3rd parties)	698	98	149	198	253
EBITDA	56	–	3	22	30
EBITDA margin	8.0 %	-0.2 %	2.2 %	11.2 %	12.2 %
EBIT	33	-5	-2	17	23
EBIT margin	4.7 %	-5.4%	-1.2 %	8.5 %	9.2 %

Balanced FX profile across the Group – Limited Swiss Franc exposure

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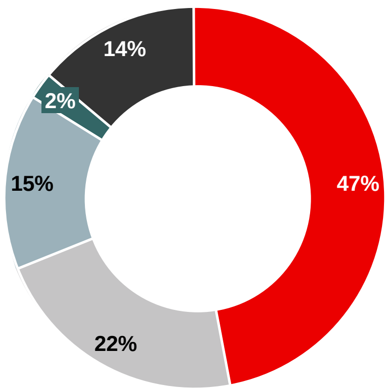
Sales 3rd 2018 (e)[1]



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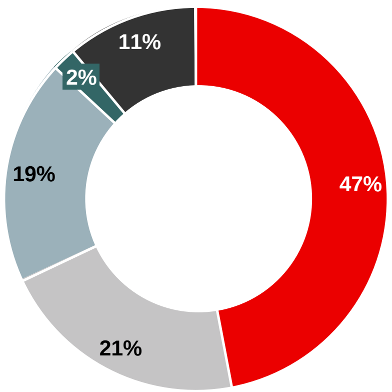
COGS 2018 (e) [1]



EUR USD CNY CHF Other

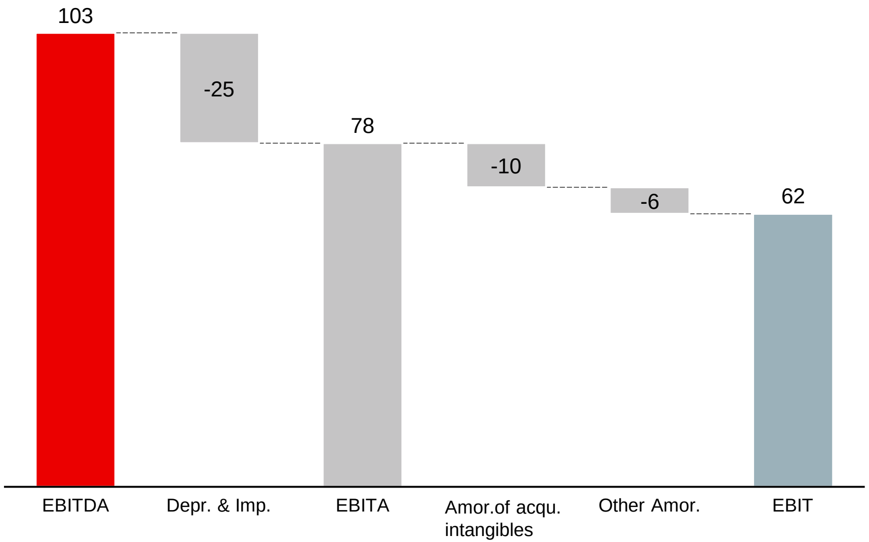
[1] Continuing operations

- No major currency mismatch – natural hedge in place
- Limited transaction risk – translation effects from reporting currency CHF
- Main currencies in "Others" are JPY, INR and KRW

EBITDA to EBIT bridge for Oerlikon Group

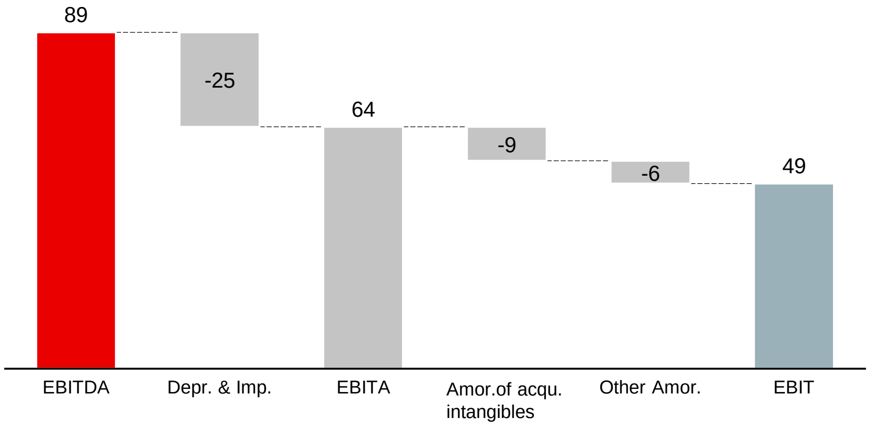
EBITDA to EBIT bridge – Q3 2018[1]

In CHF million



EBITDA to EBIT bridge – Q3 2017[2]

In CHF million



- Amortization of identified acquired intangible assets mainly attributable to Metco transaction

[1] Continuing operations
[2] Restated for divestment of Drive Systems and IFRS 15

EBITDA to EBIT bridge per Segment – Q3 2018

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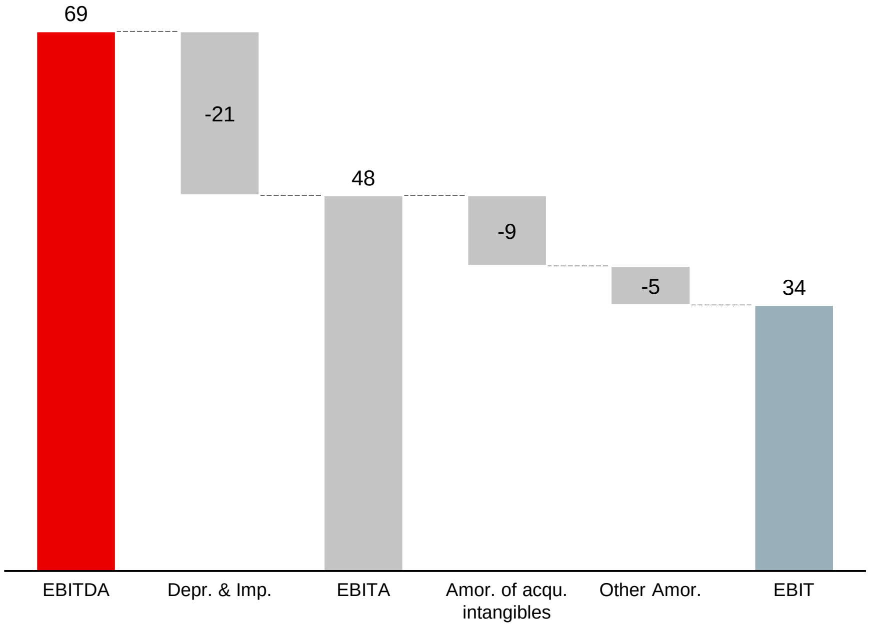
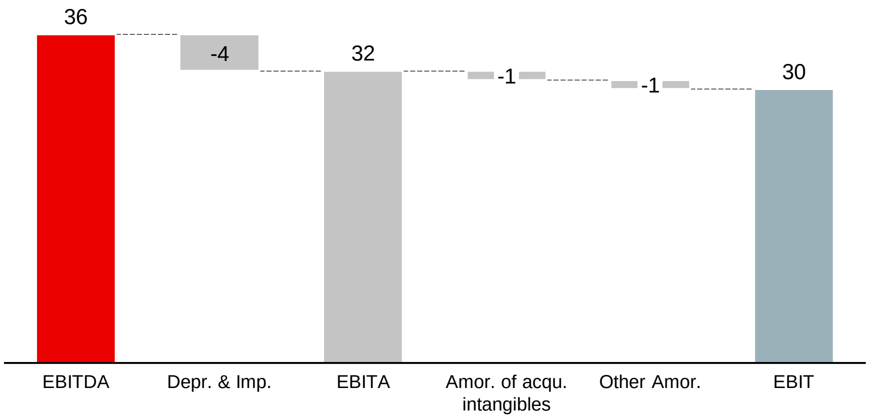
Surface Solutions Segment

In CHF million



Manmade Fibers Segment

In CHF million



Oerlikon Transformation – Streamlining the portfolio and focus on Surface Solutions

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Acquisitions

2013
- **Coating Segment:** Rox acquisition (oerlikon balzers)

2014
- **Coating Segment:** Metco acquisition (oerlikon balzers)

2015
- **Surface Solutions Segment:** Laser Cladding Services acquisition (oerlikon metco)

2016
- **Manmade Fibers Segment:** Trützschler Nonwovens acquisition (oerlikon neumag)
- **Surface Solutions Segment:** Citim & DMX acquisition (oerlikon balzers, oerlikon metco)

2017
- Recentis & Scoperta acquisition (oerlikon metco)
- Primateria & DiaPac acquisition (oerlikon balzers, oerlikon metco)

2018
- Eicker KG, DiSanto Technology (DTI), DIARC Technology Oy & Sucotec AG acquisition (oerlikon balzers, oerlikon am)
- **Manmade Fibers Segment:** AC Automation acquisition

TOTAL INVESTMENTS CHF 1.1bn

Divestitures

TOTAL PROCEEDS FROM DIVESTMENTS CHF 1.2bn

- oerlikon solar – **Solar Segment:** Segment sold
- oerlikon textile components, oerlikon saurer, oerlikon schlafhorst – **Textile Segment:** Natural fibers businesses sold
- oerlikon systems – **Advanced Technologies Segment:** Segment sold
- oerlikon leybold vacuum – **Vacuum Segment:** Segment sold
- oerlikon graziano, oerlikon fairfield – **Drive Systems Segment:** Closing expected late 2018 / Q1 2019

Oerlikon shares

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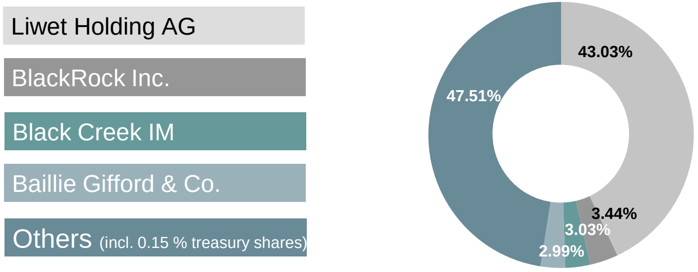
Oerlikon shares

- Listed on Swiss Exchange (SIX) since 1973
- Securities symbol: OERL
- Securities number 81 682
- ISIN: CH0000816824
- Number of shares outstanding: 339 758 576 shares
- Re-entry to Swiss SMIM (April 17, 2012)
- Addition to STOXX Europe 600 (June 18, 2012)

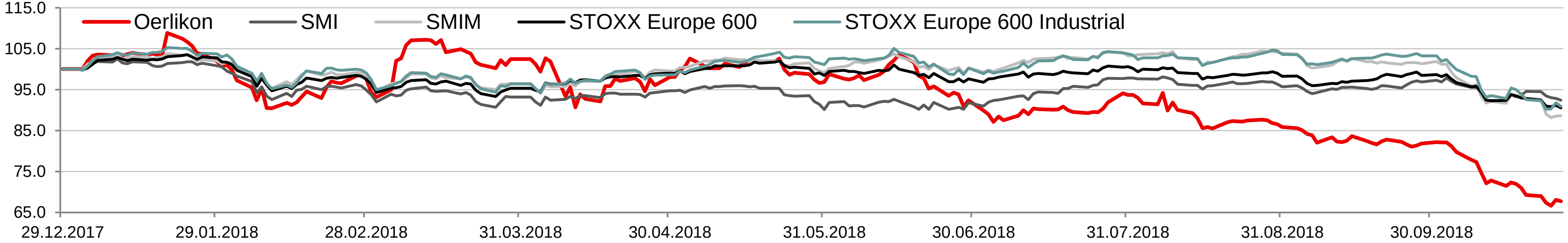
Oerlikon shareholder structure[1]

as of October 26, 2018



Oerlikon share price development

as of October 26, 2018, indexed; 100 percent = closing price per December 29, 2017



[1] Based on latest notifications by Liwet (as of May 25, 2018 of 146 222 889 shares), Black Creek (as of January 20, 2018 of 9 966 654 voting rights), Baillie Gifford (as of July 25, 2017, of 13 634 046 voting rights) and BlackRock (as of October 23, 2018 of 11 691 117 voting rights)

Coverage –
6 Buy / Add – 7 Hold / Neutral – 0 Sell / Underperform

Broker	Analyst	Recommendation	Date of last update	Target price
AlphaValue	N.N.	Add	07.08.2018	18.70
Baader Helvea	Reto Amstalden	Buy	25.10.2018	19.40
Berenberg Bank	Sebastian Künne	Hold	14.08.2018	16.00
Credit Suisse	Patrick Laager	Neutral	06.09.2018	16.00
Jefferies	Graham Phillips	Hold	28.09.2018	15.00
Kepler Cheuvreux	Torsten Sauter	Hold	24.10.2018	16.30
MainFirst	Christian Arnold	Neutral	29.10.2018	14.50
Octavian	Alessandro Foletti	Buy	15.10.2018	16.10
RBC Capital Markets	Wasi Rizvi	Outperform	24.10.2018	16.00
Societe Generale	Sebastian Ubert	Hold	06.03.2018	18.50
UBS	Fabian Haecki	Buy	19.10.2018	16.00
Vontobel	Michael Foeth	Buy	26.10.2018	19.80
ZKB	Armin Rechberger	Marketweight	23.10.2018	-
Consensus				16.86

Financial Calendar 2018 / 2019

October 30, 2018	Q3 / 9M 2018 results - Media & Analyst Conference Call
March 5, 2019	Q4 / FY 2018 results - Media & Analyst Conference in Zurich
April 9, 2019	Annual General Meeting of Shareholderrs - KKL Lucerne
May 7, 2019	Q1 2019 results - Media & Analyst Conference Call
August 6, 2019	Q2 / HY 2019 results - Media & Analyst Conference Call
November 5, 2019	Q3 / 9M 2019 results - Media & Analyst Conference Call

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