

# 2023 Financial Results

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20 February 2024

# Agenda

- 1** | Strategy Update & 2023 Overview
- 2** | Financials & Outlook
- 3** | Q&A

**ærlikon**



# Oerlikon finalizing portfolio transformation started 10 years ago

## From 5 Divisions in 2014 ...

Surface Solutions

Polymer Processing Solutions

Drive Systems

Advanced Technologies

Vacuum



**Market Leaders** in sweet spots with technology entry barriers



**Lack of opportunity** for market leadership

## To 2 Divisions 2019 - 2024



- **Limited synergies** given different end markets, geographies, customers, business models and cycles
- **Return focus on transformation** following COVID and increasing geopolitical tensions



- **Divested:** Transitioned to better ownership
- CHF 1.2bn proceeds used for M&A (CHF 1.1bn) and extra ordinary dividends (CHF 0.4bn)

## 2024 - 2026



**Finalize transformation**

**Unlock pure play potential** upon filament cycle recovery

# By taking the last step Oerlikon unlocks value for Polymer Processing Solutions

## Distinguish and leverage potential of attractive asset

1

**Attractive asset** with low capital intensity; benefiting from structural mid-term growth driven by increasing population/wealth and limited alternatives: Filament equipment market CAGR of +4% in last 20 years

2

**Leverage potential** by allowing strategy and capital allocation to stronger emphasize on focused end market and geography

3

**Create distinct investment opportunity** for investors; distinguish brand with clear positioning towards customers



**Unlock  
value**

**Board and management  
evaluating options for  
separation** with the aim of  
value creation for all  
stakeholders

# By taking the last step Oerlikon unlocks value for Surface Solutions

## Become distinct and agile in a fragmented market

**1**

**Become agile**, dynamic and independent by merging overhead; set free capacity, supporting efficient operations in tensed geopolitical environment

**2**

**Pure focus on growth opportunities** in the broad fragmented Surface Solutions market

**3**

**Create distinct investment opportunity** for investors; distinguish brand with clear positioning towards customers



Oerlikon transforming into Surface Solutions pure play

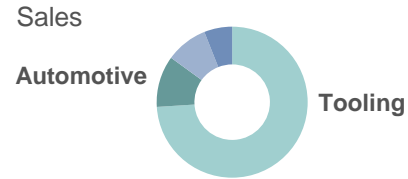
# Developed Surface Solutions into a diversified technology leader close to customers



**Diversified the end markets**

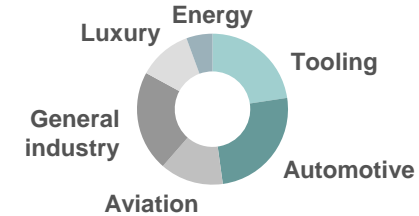
**2013**

End markets focused on Tooling



**2023**

Diversified end markets aligned to key megatrends



**Broadened technology leadership**

Specialized in PVD for tooling & automotive with limited growth opportunities

- PVD for tooling and automotive



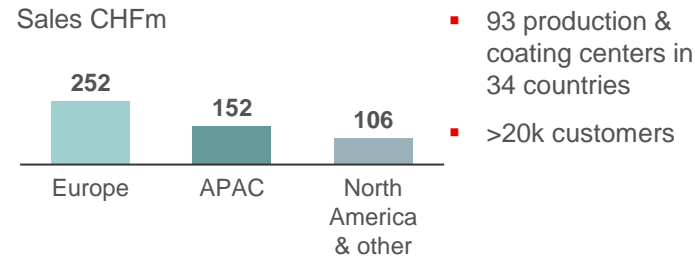
Diversified across technologies with growth potential

- **PVD/CVD** (services & equipment) for tooling, medical, automotive, luxury, energy
- **Thermal Spray** (equipment & materials) with focus on aviation and energy
- **Additive Manufacturing** (services and materials) with focus on aviation and semiconductors

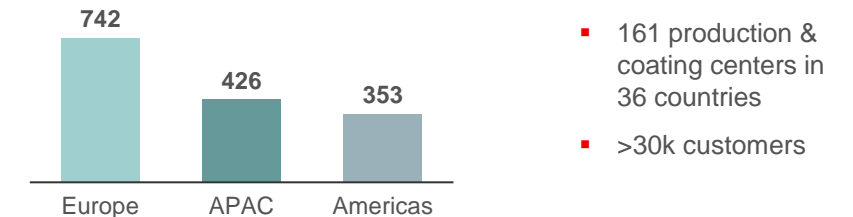


**Moved closer to customers**

Functional organization out of Europe



Geographical organization driving regional growth



# Oerlikon Surface Solutions is well positioned for profitable growth



**Attractively positioned**

## Market leader in sweet spot with technology entry barrier

**#1**

Market leader in surface solutions



Integrated high-tech offering



Global and diverse end markets

**>30k**

Customers incl. industry leaders



**Profitable growth**

## Increasing demand for surface solutions driven by efficiency and sustainability

**>20%**

sales upside

Accelerate regional expansion

2023: +13% growth in Americas <sup>1</sup>

**+10%**

sales upside

Leverage technology leadership into new areas

2023: 11% luxury sales exposure following Riri M&A

**M&A**

& operational upside

Optimize portfolio

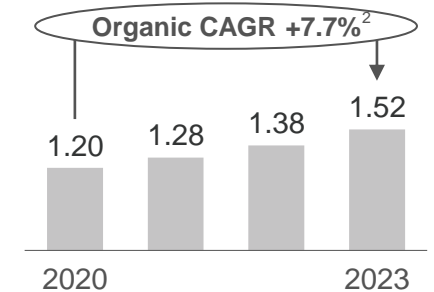
2023: Realigned Additive Manufacturing

**+300**

bps margin upside

20%+ EBITDA margin target in mid-term

2023: Q1-Q4 sequential margin improvements



1) FX adjusted; 2) Sales CAGR 2020-23 is organic FX adjusted; 4-6% sales growth represents mid-term growth target





## Financials

2023



## Key messages



## 2023 priorities

### Managed short-term headwinds and executed operationally

**2.5bn**  
Order intake

**2.7 bn**  
Sales

**16.5%**  
Op. EBITDA margin

**8.7%**  
Operational EBIT margin

- **Group financials impacted by downturn** in Polymer Processing Solutions; expect the division to benefit in 2024 from implemented cost measures; FX impact of -6% or CHF -174m on Group sales in 2023 (CHF -380m since 2019)
- **Surface Solutions with 7% sales growth** (organic, constant FX) supported by geographic expansion
- **Continued operational execution** including accelerating the innovation pipeline, leveraging core competencies into luxury and battery shielding, optimizing the portfolio towards structurally higher profitability, and progressing on 2030 ESG targets
- **Dividend** of CHF 0.20 proposed in-line with dividend policy; dividend policy to be re-evaluated with pure play execution

**Lead in  
Innovation**

**Drive  
Sustainability**

**Strengthen  
Resilience**

**2024 Outlook: Expect high single-digit sales decrease <sup>1</sup> and 15.0-15.5% operational EBITDA margin, driven by filament downturn**

1) Organic constant FX



# 2023: Challenging macro environment impacting Oerlikon

## Macro challenges ...

Geopolitical tensions

+

Subdued recovery in China

+

High inflation

+

Cautious consumer spending

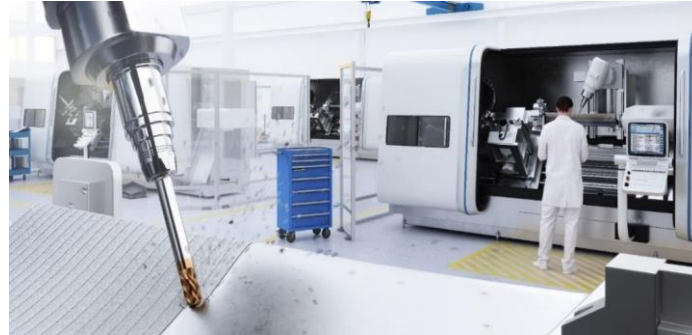
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FX headwinds

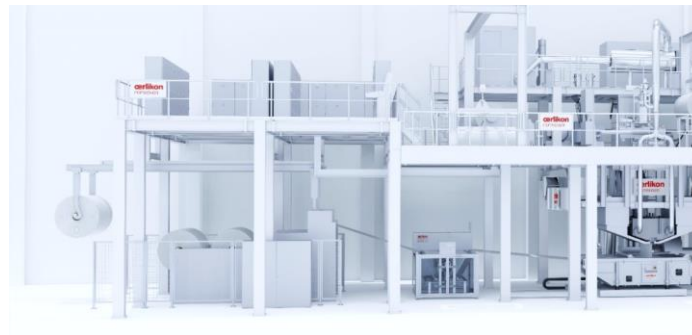
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Rising interest rates

## ... weighing on industrial production in Surface Solutions



## ... weighing on customers' profitability in Polymer Processing



Impacting  
Oerlikon

# Challenging end markets

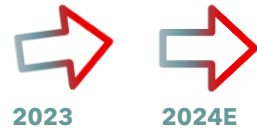
## Surface Solutions

### General Ind. & Tooling 28% of 2023 Group sales



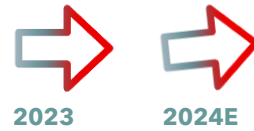
- Euro Area and US manufacturing PMIs in contraction
- China PMI around neutral (~50)... slow post-COVID recovery
- Support from increasing demand in Energy industry

### Automotive 14%



- Receiving mixed signals from market; Oerlikon with catch-up in H2'23 following slow start to the year
- ~10% light vehicles production growth in 2023; +1% expected in 2024 <sup>1</sup>
- Successfully entering e-mobility applications, e.g. e-gearing and battery shielding

### Luxury 6%



- Luxury market with slowing momentum in H2'23: Swiss watch exports softened to +4% in H2 (H1: +12%), while recovery for tax free shopping remained stable
- Oerlikon Q4 impacted from weakening China and de-stocking; expect growth reacceleration throughout 2024
- Expect high single-digit growth rates in mid-term

### Aviation 8%



- Recovery driven by MRO with increased flying hours
- New plane production supported by passenger growth and energy efficiency
- +37% passenger growth in 2023; +10% passenger growth expected in 2024 <sup>2</sup>

## Polymer Processing Solutions

### Filament 26%



- Difficult market environment leading to customers postponing orders, impacting 2024 sales
- Underlying need for filament equipment intact; equipment market CAGR 01-22 of +4%

### Non-Filament 18%



- Globally weakening PMIs impacting broadly diversified geographies and end markets
- Some customers delaying investments, e.g. in nonwoven and carpet yarn applications
- Flow Control impacted by postponed car launches in H2'23; expect reacceleration as of Q2'24

2024: Expect PMI data bottoming; aviation and luxury expected to grow

2024: Improving economics of filament customers <sup>3)</sup>; structural mid-term growth drivers intact and costs under control

1) Source LMC as per Dec 2023; 2) Source IATA; 3) Refers to average annual selling price of polyester products minus raw material cost minus conversion cost

# Continued operational execution despite challenging environment



## Lead in innovation

p. 12-13, 28-29

**Next generation coatings** extending technology leadership

**Battery shielding:** leveraging core competencies in adjacent markets

**Winder technology:** continuously pushing tech boundaries



## Drive sustainability

p. 14, 23, 27

**On track** with 2030 ESG targets

**ESG ratings within top 15%** of global industrial sector

**78% of R&D** spending into sustainable products



## Strengthen resilience

p. 18

**Optimized portfolio** towards structurally higher profitability

**24% overhead savings** since 2019 supported by continued digitalization

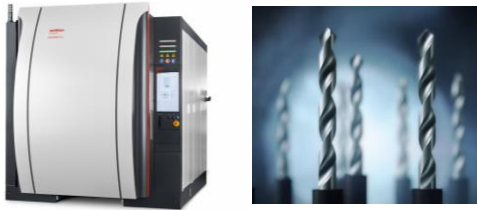
**Cost-out executed** proactively in Polymer Processing supporting 2024 margin

**Consequent operational execution**

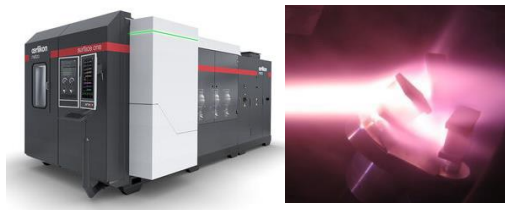
# Oerlikon is extending its' technology leadership with next generation surface solutions

## Leadership across broad technology portfolio

### PVD/CVD

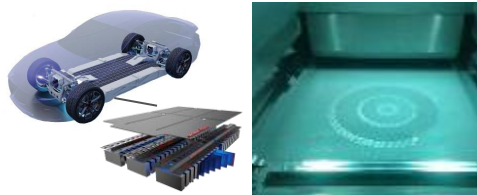


### Thermal Spray



### Leveraging materials knowhow

Adjacent markets



## Innovations

1. **BALINIT ALCRONA EVO** coating solution p.13
2. **BALINIT MAYURA** coating solution
3. **BALIQ TISINOS PRO** coating solution
4. **INMODULA** equipment
5. **DLC DEEP BLACK** coating solution
6. **BALINIT DLC STAR** coating solution developed for new applications



1. **Metco 6820UF** materials for fuel cells
2. **SimplexPro 03C** plasma gun
3. **High entropy oxides** materials
4. **Metco abrasable 1707A** material
5. **UniCoat3** and **MultiCoat5** new controller equipment
6. **Metco IIoT digital platform** enabling smart thermal spray factory

1. **Additive Manufacturing** with new solutions for semiconductors; recent signings with Airbus and ArianeGroup
2. **Battery shielding** for EV's p.29

## Applied across diversified end markets

1. Tooling
2. Tooling
3. Aviation
4. Semiconductor (GI)
5. Luxury accessories
6. Automotive

1. Automotive
2. Aviation
3. Aviation
4. Aviation
5. Energy
6. Aviation, Energy

1. Semiconductor (GI), Aviation
2. Automotive

# Deep dive: BALINIT ALCRONA success story

2004

## BALINIT ALCRONA launch

“A revolutionary tool coating has just opened a completely new productivity dimension in milling and hobbing operations:

BALINIT® ALCRONA is the first product of the G6 coating generation developed by Balzers. So far, titanium-based coatings such as TiAlN, AlTiN or TiCN have defined the benchmark. Now, AlCrN (aluminium chromium nitride) is the new magic formula.”

- Gear Solutions Magazine, May 1, 2004 <sup>1</sup> -

Oerlikon redefined tooling coating

2010

## BALINIT ALCRONA PRO launch

- Introduced new standard <sup>2</sup> representing Oerlikon's current blockbuster in tooling; competitors now slowly closing the gap



>20% performance increase

2024

## BALINIT ALCRONA EVO launch

- Defining once again new benchmark in tooling coating
- Driving differentiation, pricing power and profitable growth
- Increasing tool lifetime by >30%, enabling customers a more **sustainable** production
- Covering a broad range of applications including milling, cutting, drilling and hobbing; developed in **close collaboration with customers**

>30% performance increase

<sup>1</sup> <https://gearsolutions.com/news/balzers-launches-balinit-Alcrona/> ; <sup>2</sup> <https://www.zerspanungstechnik.de/blog/2010/05/29/bis-zu-30-prozent-leistungssteigerung-durch-neue-schichten/> , >20% performance increase compares to Balinit Alcrona and includes improved hot hardness, thermal shock stability and resistance to abrasive wear

# Sustainability is in Oerlikon's DNA

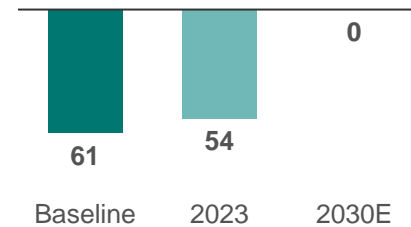


## Progress towards 2030 ESG targets

### Scope 1 & 2:

- **100% electricity from renewable** sources now used in 26 sites
- **Energy management systems** at 52% (baseline 12%) of sites representing ~81% of group energy consumption

### Reduced emission intensity <sup>1</sup>:



### Scope 3:

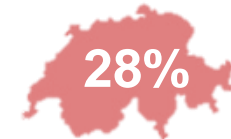
- **>90% of Oerlikon's scope 3** emissions is generated by energy consumption from the use of Polymer Processing Solutions machines by customers
- **On track** to disclose Scope 3 emissions and other requirements defined by Swiss Ordinance On Climate Disclosures in 2024 sustainability report (incl. SBTi targets)



## Oerlikon's coatings for Tooling and Aviation save >100% of Swiss CO<sub>2</sub> emissions



**20x lifetime extension** <sup>2</sup> of a metal tool through coating... resulting in significant metal saving, saving annually ~8.3 mio metric tons CO<sub>2</sub> or **~28% of Swiss CO<sub>2</sub> emissions**



**5% efficiency increase** in aero turbines through coatings... equaling ~26 mio metric tons of CO<sub>2</sub> reduction annually <sup>3</sup> or **~88% of Swiss CO<sub>2</sub> emissions**



1) Reduce emission intensity in relevant operations to become climate neutral; measured in tons CO<sub>2</sub> eq / CHFm sales; 2) 20x reflects average across tooling, with peak extension up to 160x; 3) Across 2019 installed base of aero engines

# Conclusion: 2023 with robust operational execution, future-proofing the company



2 attractively positioned divisions

## Market leaders in sweet spot with technology entry barrier

- #1 in coating solutions and filament
- **Strong value proposition** & small cost on customers' bill of material
- **Cutting-edge technology** with attractive upcoming innovation
- **Diversified** with >30k customers globally across 8 end-markets



Mid-term growth drivers intact

## Improving customers' efficiency and sustainability

- Surface Solutions**
  - **Increasing demand** driven by innovation improving efficiency and sustainability
  - **Leveraging core competencies** into Americas, Asia, luxury, semiconductors, e-mobility, ...
- Polymer Processing**
  - **+4% CAGR Filament** equipment market 01-22, driven by population/wealth growth, limited alternatives, and innovation
  - **Leveraging core competencies** into broad based non-filament applications; non-filament scope to be reviewed in context of pure play strategy



Limited synergies

## Different end markets, business models and cycles



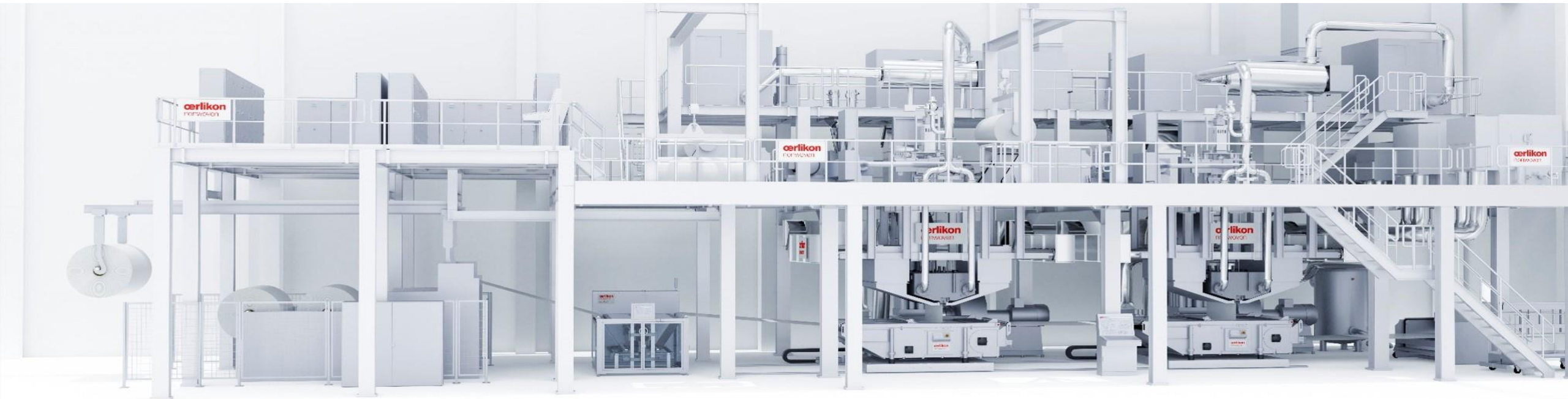
Unlock pure play potential

- **Become agile** Surface Solutions pure play
- **Pure focus on growth** opportunities in broad Surface Solutions market
- **Create distinct** investment opportunity



# Financials & Outlook

Philipp Müller  
CFO



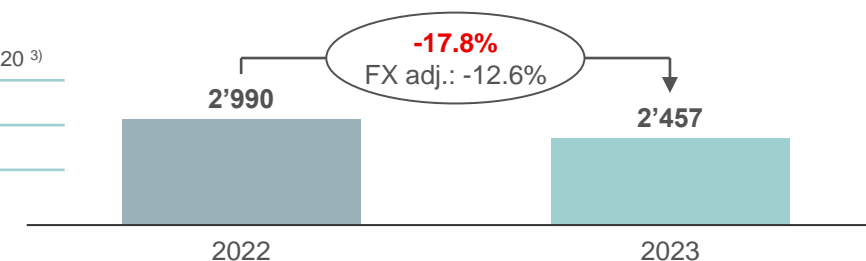
## 2023 sales and margins impacted by challenging markets

### Orders

- Order intake **-12.6%** YoY FX adj., including +4.2% from M&A <sup>1</sup>
- Driven by postponements in Polymer Processing Solutions; Surface Solutions with +4.3% organic FX adj. growth
- Q4 -16.7% YoY (-11.2% FX adj.)

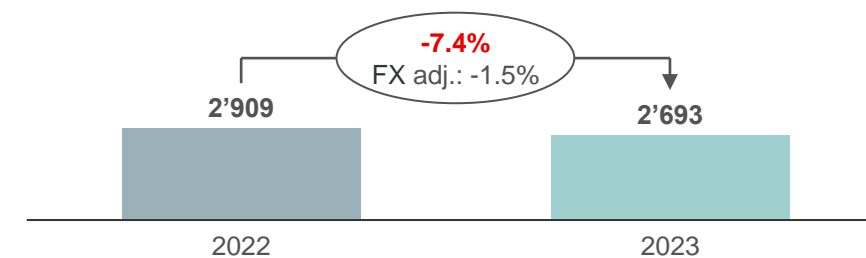
FX with significant headwind:

Vs CHF	Since Jan 2023 <sup>3)</sup>	Since Jan 2020 <sup>3)</sup>
EUR	-6%	-14%
USD	-9%	-13%
CNY	-12%	-15%



### Sales

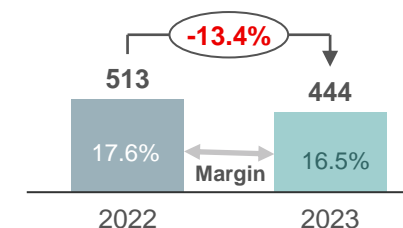
- Sales **-1.5%** YoY FX adjusted, including +4.5% from M&A <sup>1</sup>
- Driven by Polymer Processing Solutions; Surface Solutions with +7.0% organic FX adjusted growth despite contracting PMIs
- Q4 -14.0% YoY (-8.5% FX adj.)



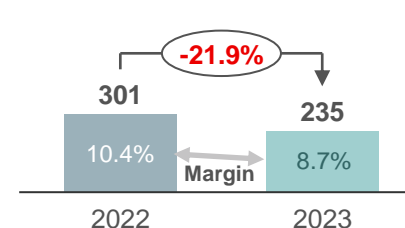
### Profit

- Operational EBITDA impacted by negative operating leverage, higher input costs, mix and FX
- Continued focus on pricing and cost efficiency
- Accounting impacts in Q4 resulting from AM realignment, discontinuation of Teknoweb and divestment of OBA-Automation (see appendix)

#### Operational EBITDA <sup>2</sup>



#### Operational EBIT <sup>2</sup>

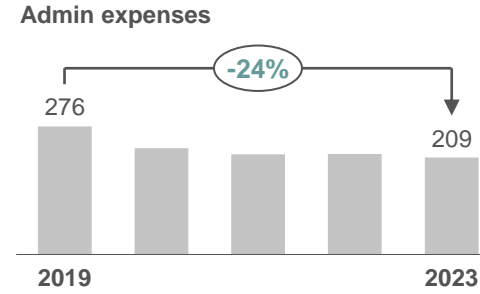


\* Numbers in financial charts of this presentation are in CHF m except when stated otherwise; 1) Riri consolidated as of March 1, 2023; 2) 2023 and restated 2022 operational EBIT(DA) exclude the newly discontinued activities which mainly represent Teknoweb, OBA-Automation, US Metco coating services, and Additive Manufacturing activities outside of the US; 3) Compares FX as per 31 Dec 2023 with 1 January 2023/20

# Strengthening the base for profitable growth

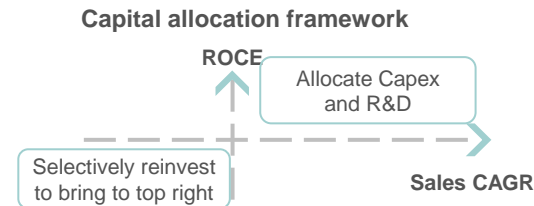
## Cost efficiency

- **24% overhead savings** since 2019, despite 3 acquisitions
- **Proactive cost actions** initiated in Q4'22 ahead of filament headwinds
- Continued focus on efficiency incl. digitalization and **footprint optimization** of coating centers

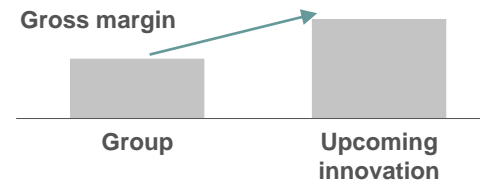


## Portfolio optimization

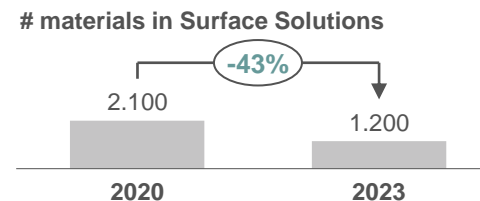
- **Stringent portfolio reviews**
- Following inline ePD exit in Q4'22, exiting **Teknoweb / OBA-Automation** and realigning **AM** in Q4'23, thereby structurally improving profitability



- **Upcoming innovation attractively priced** in Surface Solutions, enabled by strengthened capital allocation framework with increased **focus on commercialization**



- **Eliminating products** which are subscale and dilutive in Surface Solutions' materials and equipment portfolio



**Enabling profitable growth**

Taking measures to structurally improve mid-term profitability

# Surface Solutions with 7% organic sales growth despite contracting PMIs

## Markets

- **Cautious customer** purchasing behavior in 2023 due to macro environment
- Soft industrial activity across China, US and Europe
- Support from increasing demand in energy and aviation industry

## Orders

- **Increased** +13.2% FX adjusted; including +8.9% from Riri acquisition and +4.3% organic
- Q4 orders sequentially slightly up despite contracting manufacturing PMIs
- Q4 book-to-bill slightly below 1, reflecting seasonal year-end equipment shipments

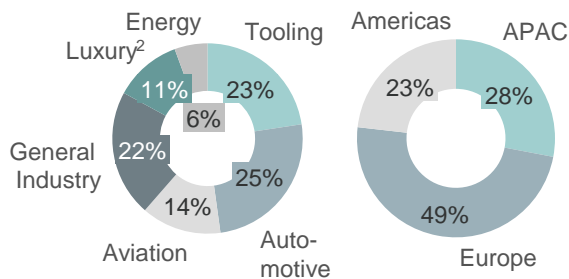
## Sales

- **Improved** +16.4% FX adj. incl. +9.4% from Riri acquisition and +7.0% organic growth despite contracting PMIs
- **+13% growth in Americas** (FX adj.) supported by new geographical organization and aviation recovery
- Q4 sales up 7.6% organic FX adjusted supported by equipment and solid sales in energy and automotive

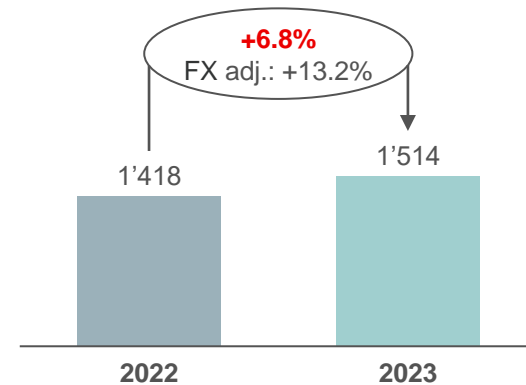
## Operational EBITDA

- **Margin impacted** by higher input costs (labor, energy), FX and mix incl. delay in Chinese industrial recovery
- 17.9% margin in H2 (H1: 16.4%), supported by pricing and cost actions
- Realigned additive manufacturing in Q4 resulting in accounting impacts (appendix)<sup>3</sup> and structurally improving profitability

### 2023 sales split by markets

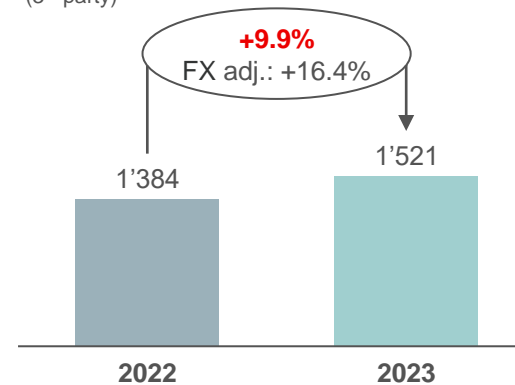


### Order intake

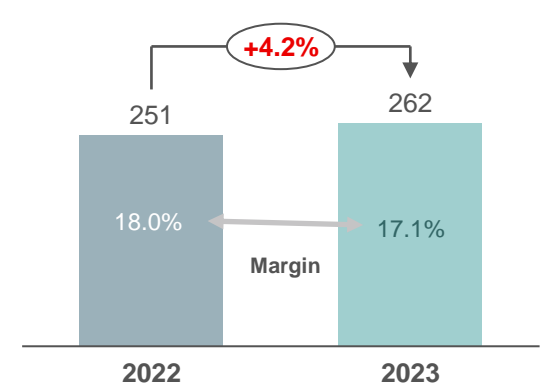


### Sales

(3<sup>rd</sup> party)



### Operational EBITDA<sup>1</sup>



1) Margin based on unrounded figures and total sales, including intercompany sales; 2023 and restated 2022 operational EBIT(DA) exclude the newly discontinued activities which mainly represent US Metco coating services and Additive Manufacturing activities outside of the US; 2) Luxury includes sales of Riri (consolidated as of 1 March 2023) and Coeurdor; Luxury was counted as part of General Industry end market in 2022 and is separately reported as of 2023; 3) one-offs impacting reported EBITDA and excluded from operational EBITDA

# Polymer Processing Solutions impacted by order postponements; cost measures on track



## Markets

- **Filament** market impacted by customers postponing orders; structural mid-term growth drivers intact
- **Non-Filament** with lower demand, e.g. in nonwoven and carpet yarn, as some customers are preserving cash

## Orders

- **Impacted** mainly by order postponements in Filament
- Non-Filament orders down by mid twenty percentage

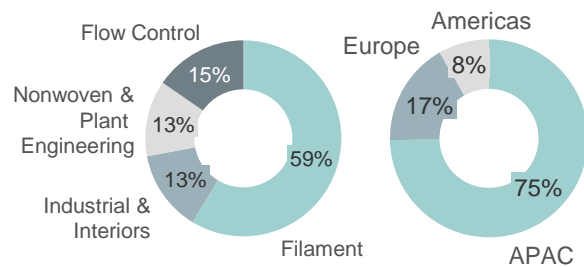
## Sales

- **Impacted** by order postponements in Filament
- Non-Filament affected by weakening PMI's and transitorily fewer car launches in Flow Control

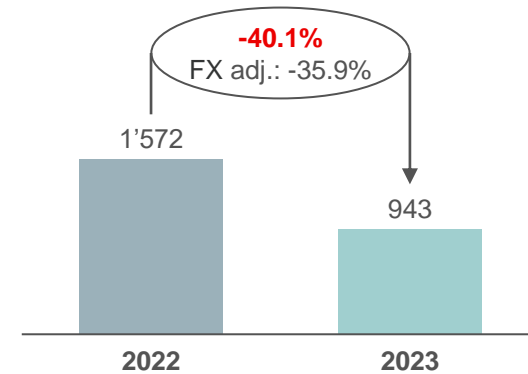
## Operational EBITDA

- **Margin affected** by operating leverage, FX and limited pass-through of higher input costs (e.g. labor, energy) to maintain volume
- Started to execute previously announced cost-out measures, benefiting 2024
- Exited OBA-Automation and Teknoweb in Q4, resulting in accounting impacts (appendix)<sup>2</sup> and structurally improving profitability

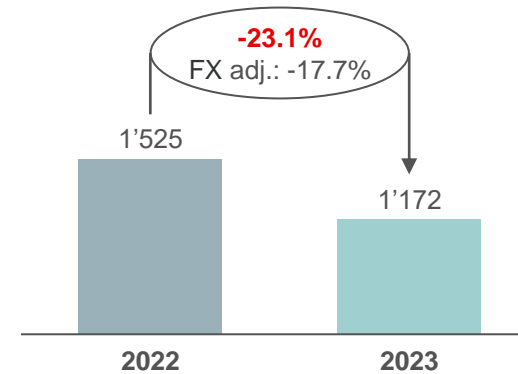
### 2023 sales split by markets



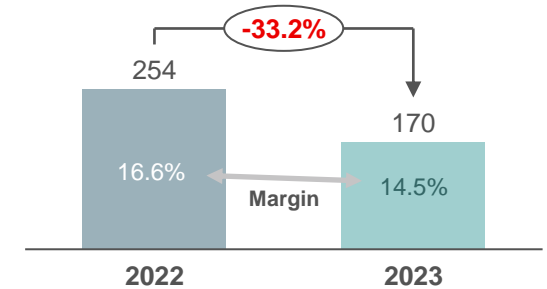
### Order intake



### Sales (3<sup>rd</sup> party)



### Operational EBITDA<sup>1</sup>

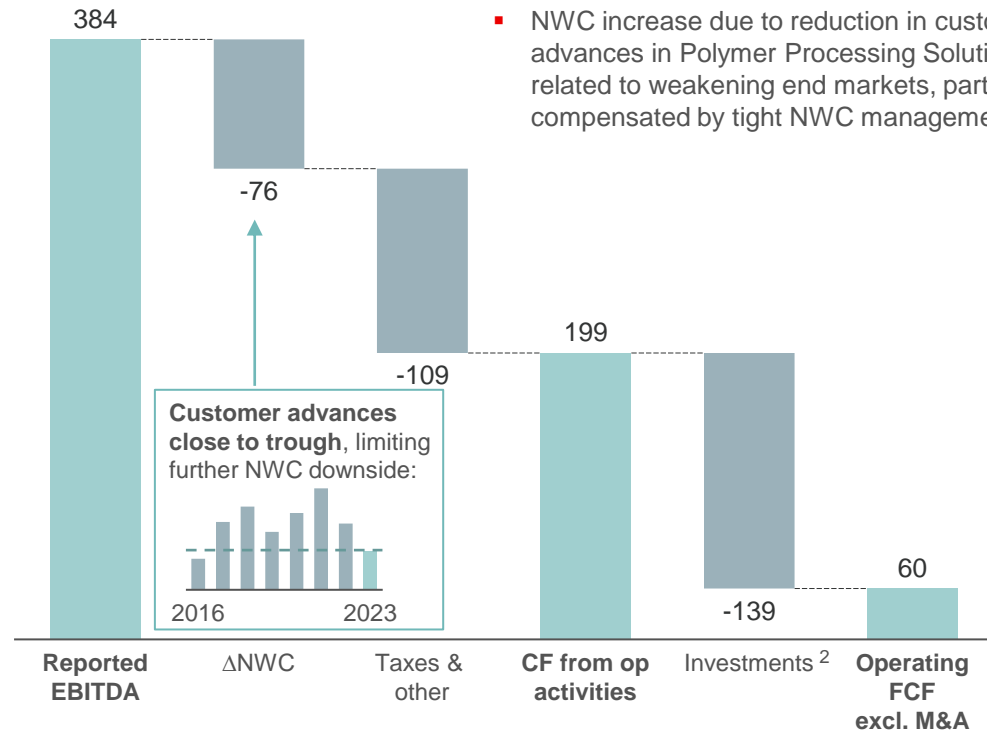


<sup>1</sup>) Margin based on unrounded figures and total sales, including intercompany sales; 2023 and restated 2022 operational EBIT(DA) exclude newly discontinued activities which mainly represent Teknoweb and OBA-Automation; <sup>2</sup>) one-off impacting reported EBITDA and excluded from operational EBITDA

## Operating FCF impacted by Filament downturn

2023

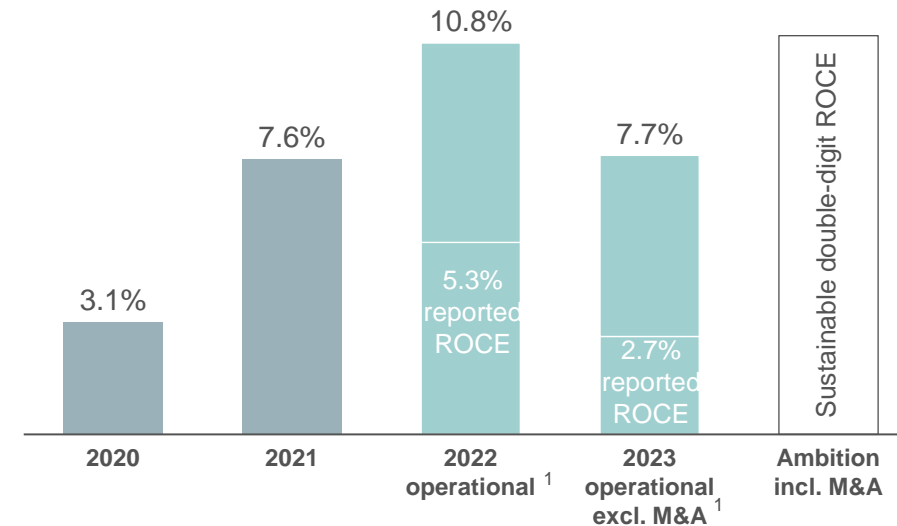
- Operating FCF transitorily impacted by NWC and lower EBITDA
- NWC increase due to reduction in customer advances in Polymer Processing Solutions related to weakening end markets, partly compensated by tight NWC management



## Underlying ROCE impacted by challenging environment

2023

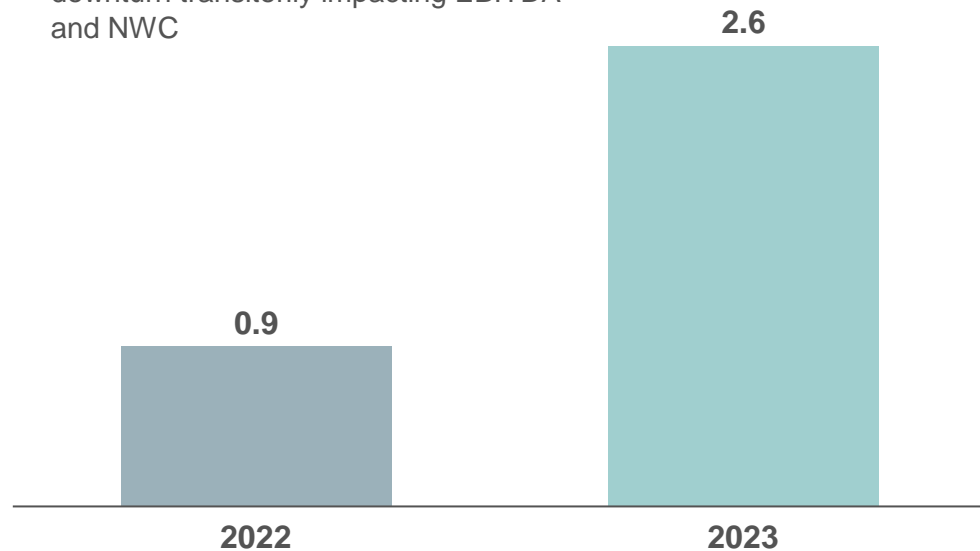
- Reached 7.7% operational ROCE<sup>1</sup> when excluding Riri, down YoY mainly due to lower operational EBITDA and less customer advances in Polymer Processing Solutions impacting Capital Employed
- Reported ROCE mainly impacted by one-offs and impairment
- Target sustainable double-digit ROCE in the mid term, supported by market recovery, continued cost containment and disciplined execution on new capital allocation framework



1) based on operational EBIT; 2022 adj. for cash repatriation tax effect; 2023 and restated 2022 operational figures exclude the newly discontinued activities which mainly represent Teknoweb, OBA-Automation, US Metco coating services, and Additive Manufacturing activities outside of the US; 2) excludes M&A related investments

## Net debt / operational EBITDA transitory higher

- Increased to 2.6x
- Driven by Riri acquisition and filament downturn transitorily impacting EBITDA and NWC



## Commitment to maintaining balance sheet strength

- Expect YE'24 leverage ratio to be between 2.5x and 3.0x
- Continued tight focus on cost, NWC, Capex and cash management
- Proactively issued CHF 340m bond in May 2023
- Access to CHF 1.1bn liquidity (cash & RCF) as per YE'23

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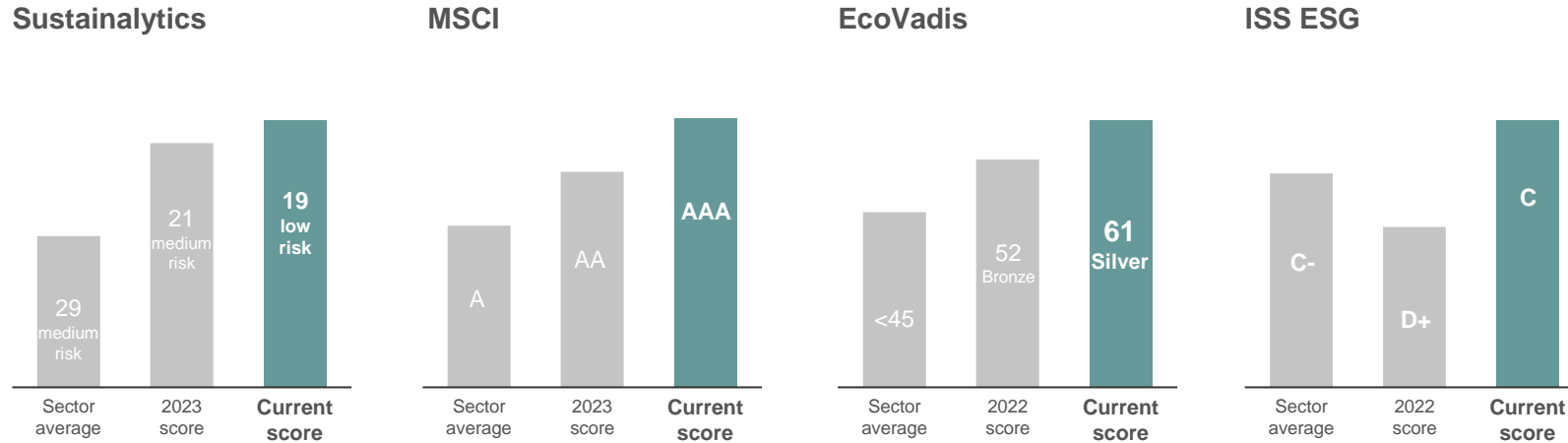
## Dividend of CHF 0.20 proposed

- **In-line with dividend policy:** The proposed dividend payout can be based on up to 50% of the Group's underlying net result and beyond after considering the Group's financial position and affordability from the balance sheet
- Dividend policy to be re-evaluated with pure play execution



# Leading ESG ratings

## Oerlikon ESG rated top 15% within industrial sector <sup>1</sup>



External validation and recognition

## Oerlikon rated as top employer with leading innovation



1) MSCI in top 15%, EcoVadis in top 19%, Sustainalytics in top 7%, ISS only 21% are better

## Surface Solutions growth offset by postponements in Polymer Processing; improving economics of filament customers



**Group**

- **Sales impacted** by customers' postponed investment decisions in Polymer Processing Solutions; partly offset by growth in Surface Solutions
- **Margin transitorily impacted** by Polymer Processing Solutions downturn, partly offset by cost and pricing measures
- **Capex** CHF~130m

**Sales**<sup>1</sup>

High single-digit % decrease

**EBITDA margin**<sup>2</sup>

15.0-15.5%



**Surface Solutions**

- **Sales growth** supported by pricing with volume transitorily impacted by weakening industrial activity; incremental 2 months from Riri acquisition (Jan, Feb)
- **Higher margin** supported by efficiency and pass-on of wage inflation and energy costs (as hedging needs continual renewals) despite macro environment

**Sales**<sup>1</sup>

Low to mid-single-digit % growth

**EBITDA margin**<sup>2</sup>

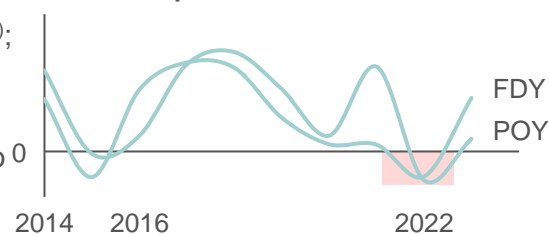
17.5-18.0%



**Polymer Processing Solutions**

- **Sales impacted** by customers postponing investment decisions; economics of filament customers improving<sup>3</sup>; structural mid-term growth drivers intact
- **Margin impacted** by operating leverage and limited pass through of higher input costs (e.g. labor, energy) to maintain volume; counteracted by cost-out measures

Price-cost spreads of filament customers<sup>3</sup>



**Sales**<sup>1</sup>

Decrease in mid-twenties %

**EBITDA margin**<sup>2</sup>

~11.0%

1) Refers to organic growth at constant FX; 2) Refers to operational EBITDA margin; 3) Chart representing average annual selling price of polyester products minus raw material cost minus conversion cost

# Q&A



# Appendix



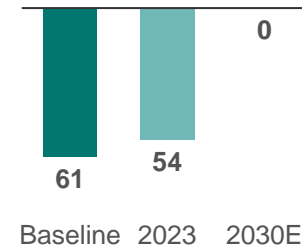
# On track with 2030 ESG targets

## 2023 updates

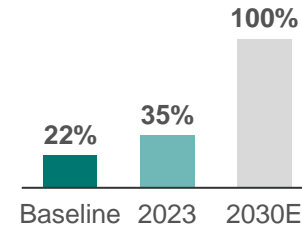
- **GHG emission intensity** (scope 1&2) benefiting from more renewables and energy efficiency actions, e.g. 26 sites now use electricity from 100% renewable sources; intensity slightly up YoY due to Riri acquisition
- Energy management systems at 52% (baseline 12%) of sites representing ~81% of group energy consumption
- **On track** to disclose Scope 3 emissions and other requirements defined by Swiss Ordinance On Climate Disclosures in 2024 sustainability report (incl. SBTi targets)
- **78% of R&D expenditure** in sustainable products
- **Increased percentage of women** in leadership and management role
- Various diversity programs across the year and creation of employee resources group
- **Procurement** staffed with fully-trained 'sustainability champions'; supplier spending mapped with EcoVadis rating process reached 30% level (goal: 100% by 2030)

## Progress towards 2030 targets

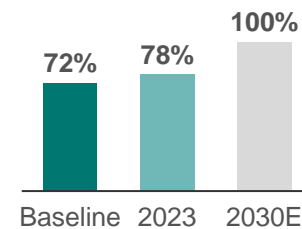
**Reduce emission intensity** (scope 1&2) in relevant operations to become climate neutral <sup>1</sup>



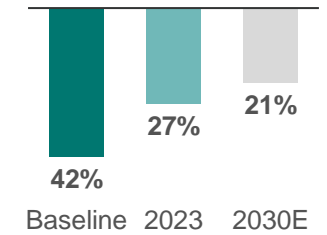
**Increase % of electrical energy from renewable sources**



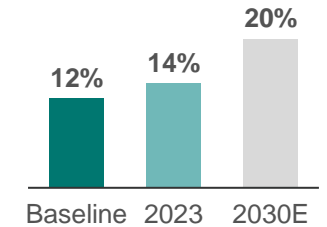
**Increase % R&D investment in products that must cover ESG criteria**



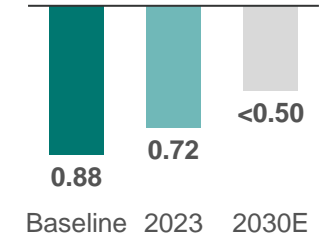
**Reduce % of disposed waste**



**Increase % of women in management and leadership roles**



**Reduce rate of recordable work-related injuries (TAFR)**



1) tons CO<sub>2</sub> eq / CHFm sales

# Oerlikon is leveraging its' core competencies to grow in adjacent markets: battery shielding

## 1 Leadership in surface and materials knowhow

- Surface Solutions with long-standing track record of innovation leadership in surface and materials science; >80 years experience
- Oerlikon with technology and industrialization know-how

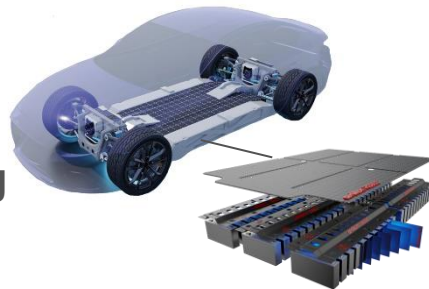
## 2 Expanded into heat shielding technology

- Acquired thermal insulation systems business from Crosslink in 2020
- The business specialized in development of thermal insulation material solutions for EVs

## 3 Oerlikon global reach and customer base

- Oerlikon Surface Solutions serving ~75% of top players in automotive
- Track record of joint R&D with leading European OEM's
- Oerlikon with global manufacturing and distribution network

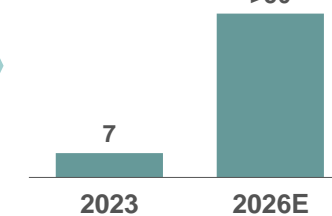
## 4 Oerlikon battery shielding accelerating e-mobility



- Oerlikon battery shielding solutions <sup>1</sup> protect EV passengers from fire, electrocution and gases while allowing 5+ minutes to escape a vehicle
- ESG compliant: recyclable, non-petrochemical based and mica free technology
- Thinner and lighter than alternative solutions

### Oerlikon sales opportunity

CHF m



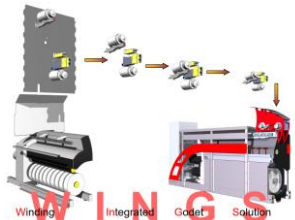
- First supply contract signed for premium manufacturing platform
- On track to expand to further car makers
- Wider opportunities as EVs penetrate mass market

1) Thermal insulation solutions (TIS) that cover and shield the battery



## 2007 WINGS POY launch

- **Disrupted POY market** with new technology; became immediately blockbuster
- Combined take-up and winding technology in one equipment
- New technology process resulting in **>25% energy saving**; furthermore waste reduction, space saving and simplified handling of equipment
- Featuring 1.5m length and 10 threads



Oerlikon redefined winder technology

## 2014 WINGS POY 1800 & WINGS FDY launch

- Launched WINGS FDY (2011) with revolutionary new process technology, resulting in **>20% energy reduction** as well as **waste/space savings**
- WINGS POY (2014) featuring 1.8m length and 12 threads; WINGS FDY featuring 1.6m length and 24 threads
- Continuous relaunches in last ten years (e.g. 1.8m WINGS FDY), including broadening functionalities and process window



>20% energy reduction & productivity increase

## 2024 2025 Continue to innovate

- **Continue defining benchmark** in winder technology
- **Drive differentiation**, pricing power and profitable growth
- **Improve sustainability**: energy efficiency and ergonomics



Accelerating filament market recovery



# 2023 reconciliation of profitability measures

## EBITDA to EBIT bridge

Group	Surface Solutions		Polymer Processing Solutions	
	FY 23	FY 22	FY 23	FY 22
<b>EBITDA</b>	<b>384</b>	<b>418</b>	<b>230</b>	<b>226</b>
Depreciation	-126	-131	-97	-100
Impairments	-33	-16	① -27	① -15
<b>EBITA</b>	<b>225</b>	<b>271</b>	<b>106</b>	<b>110</b>
Amortization of Acquired Intangibles	-48	-52	-33	-32
Other Amortization	-42	-35	-17	-16
Impairments	-29	-8	① -4	① -8
<b>EBIT</b>	<b>105</b>	<b>176</b>	<b>51</b>	<b>54</b>

- ① Impairment mainly related to AM realignment
- ② Impairment mainly related to discontinued Teknoweb
- ③ One-off provision related to footprint optimization
- ④ Partial release of provision done in Q4'22
- ⑤ One-off costs and losses mainly related to discontinued AM scope
- ⑥ One-off costs and losses mainly related to discontinued Teknoweb and OBA-Automation

## Operational profitability reconciliation

Group	Surface Solutions		Polymer Processing Solutions	
	FY 23	FY 22	FY 23	FY 22
<b>Operational EBITDA</b>	<b>444</b>	<b>513</b>	<b>262</b>	<b>251</b>
Restructuring expenses	1	-54	③ -12	② -3
Discontinued activities	-58	-32	⑤ -17	③ -22
Acquisition and Integration costs	-3	-9	-2	-0
<b>EBITDA</b>	<b>384</b>	<b>418</b>	<b>230</b>	<b>226</b>

Group	Surface Solutions		Polymer Processing Solutions	
	FY 23	FY 22	FY 23	FY 22
<b>Operational EBIT</b>	<b>235</b>	<b>301</b>	<b>117</b>	<b>104</b>
Restructuring expenses	1	-54	③ -12	② -3
Impairments related to restructuring	-14	0	-14	0
Discontinued activities	-114	-63	① ⑤ -38	① ③ -47
Acquisition and Integration costs	-3	-9	-2	-0
<b>EBIT</b>	<b>105</b>	<b>176</b>	<b>51</b>	<b>54</b>

- ① Impairment of tangible and intangible assets mainly related to inline ePD discontinuation
- ② One-off provision related to organizational streamlining
- ③ One-off costs related to inline ePD discontinuation and Russia exit; losses of ePD and discontinued AM scope
- ④ One-off provision related to organizational streamlining: CHF 50m in Q4'22
- ⑤ Losses of discontinued Teknoweb and OBA-Automation

# Q4 reconciliation of profitability measures

## EBITDA to EBIT bridge

Group	Group		Surface Solutions		Polymer Processing Solutions	
	Q4' 23	Q4' 22	Q4' 23	Q4' 22	Q4' 23	Q4' 22
<b>EBITDA</b>	<b>64</b>	<b>55</b>	<b>48</b>	<b>49</b>	<b>15</b>	<b>5</b>
Depreciation	-30	-32	-23	-24	-6	-7
Impairments	-32	-15	① -27	① -15	② -5	-0
<b>EBITA</b>	<b>2</b>	<b>8</b>	<b>-2</b>	<b>10</b>	<b>4</b>	<b>-2</b>
Amortization of Acquired Intangibles	-12	-12	-8	-7	-3	-5
Other Amortization	-12	-10	① -5	① -4	② -3	-2
Impairments	-28	-8	① -3	① -8	② -25	0
<b>EBIT</b>	<b>-49</b>	<b>-22</b>	<b>-18</b>	<b>-9</b>	<b>-27</b>	<b>-10</b>

- ① Impairment mainly related to AM realignment
- ② Impairment mainly related to discontinued Teknoweb
- ③ One-off provision related to footprint optimization
- ④ Partial release of provision done in Q4'22
- ⑤ One-off costs and losses mainly related to discontinued AM scope
- ⑥ One-off costs and losses mainly related to discontinued Teknoweb and OBA-Automation

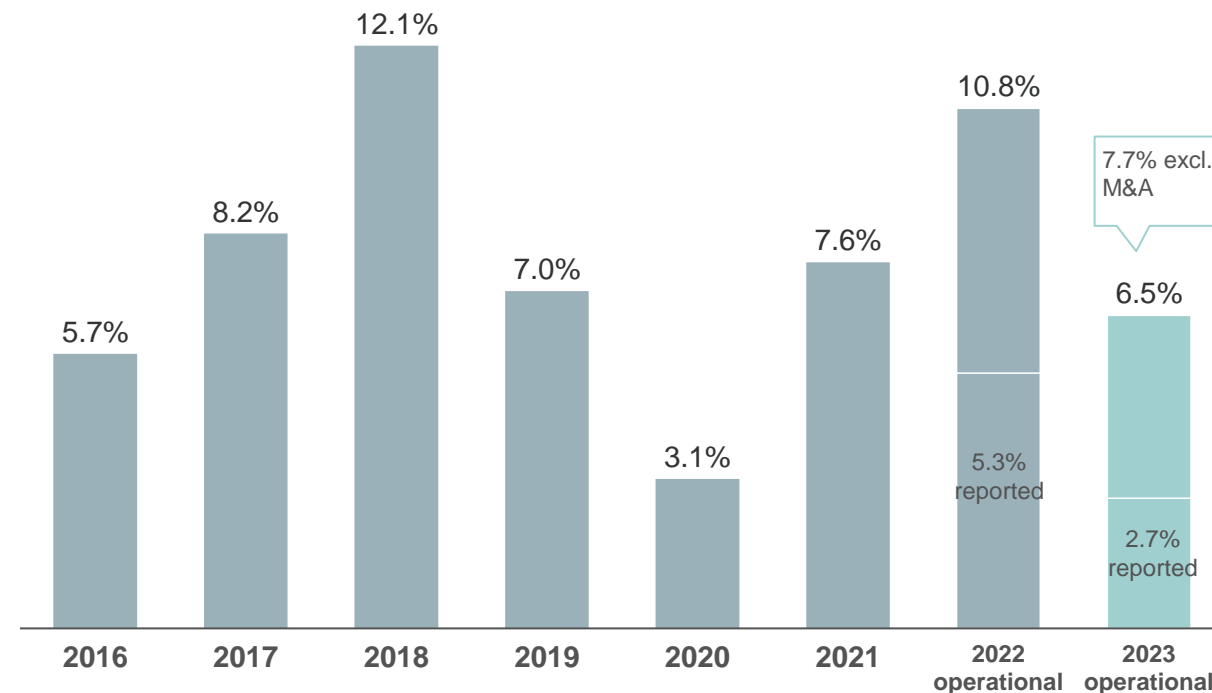
## Operational profitability reconciliation

Group	Group		Surface Solutions		Polymer Processing Solutions	
	Q4' 23	Q4' 22	Q4' 23	Q4' 22	Q4' 23	Q4' 22
<b>Operational EBITDA</b>	<b>100</b>	<b>127</b>	<b>72</b>	<b>65</b>	<b>27</b>	<b>59</b>
Restructuring expenses	1	-53	③ -11	② -3	④ 12	④ -50
Discontinued activities	-36	-15	⑤ -12	③ -12	⑥ -24	⑤ -3
Acquisition and Integration costs	-1	-3	-1	-0	0	-0
<b>EBITDA</b>	<b>64</b>	<b>55</b>	<b>48</b>	<b>49</b>	<b>15</b>	<b>5</b>
<b>Operational EBIT</b>	<b>47</b>	<b>72</b>	<b>35</b>	<b>26</b>	<b>15</b>	<b>46</b>
Restructuring expenses	1	-53	③ -11	② -3	④ 12	④ -50
Impairments related to restructuring	-14	-0	① -14	-0	0	0
Discontinued activities	-83	-37	① ⑤ -28	① ③ -32	② ⑥ -55	⑤ -5
Acquisition and Integration costs	-1	-3	-1	-0	0	-0
<b>EBIT</b>	<b>-49</b>	<b>-22</b>	<b>-18</b>	<b>-9</b>	<b>-27</b>	<b>-10</b>

- ① Impairment of tangible and intangible assets mainly related to inline ePD discontinuation
- ② One-off provision related to organizational streamlining
- ③ One-off costs related to inline ePD discontinuation; losses of ePD and discontinued AM scope
- ④ One-off provision related to organizational streamlining: CHF 50m in Q4'22
- ⑤ Losses of discontinued Teknoweb and OBA-Automation

# Return on Capital Employed (ROCE)

	2022	2023
EBIT	176	105
- Total current income tax	-89	-67
- Total deferred income tax	20	25
<b>NOPAT</b>	<b>107</b>	<b>63</b>
Net Operating Assets	2'063	2'429
+ Current income tax receivables	19	27
+ Deferred tax assets	117	134
- Current income tax payables	-43	-39
- Deferred tax liabilities	-130	-167
<b>Capital Employed</b>	<b>2'024</b>	<b>2'384</b>
<b>ROCE Oerlikon</b>	<b>5.3%</b>	<b>2.7%</b>



,Operational' based on operational EBIT; 2022 additionally adj. for tax effect of cash repatriation

Refers to 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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