Oerlikon Acquires INglass

April 23, 2021

Acquisition of INglass: The Transaction

oerlikon

INglass Overview

- Innovation, technology and market leader in precision polymer flow control with strong intellectual property
- Hot runner systems (HRS) are key to process and control molten polymers before being injected into molds for production of light-weight high-end components
- INglass' HRS are applied in multiple industries from automotive, consumer goods and household appliances to packaging, waste management, construction and transportation
- INglass is based in Italy with 3 global production sites and 52 additional service centres. 1'000+ employees worldwide

Financial Parameters

- INglass 2020 revenues were approximately CHF 135 million
- Transaction to be highly cash- and margin-accretive to Oerlikon from day 1
- Highly synergistic deal driven by complementary technology & shared market access points

Key Impacts

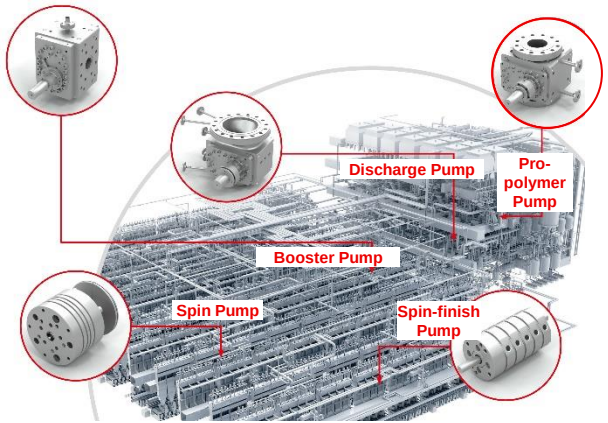
- Expands Division's strategic optionality in the polymer processing market. Significantly accelerates diversification
- INglass benefits from megatrends around future mobility, lightweight parts, functional sensors and high grade polymers
- High single-digit organic growth potential for precision flow control solutions

Execution

- Manmade Fibers Division renamed to Polymer Processing Solutions
- Completion subject to customary merger control clearances with anticipated completion at end of 1H21
- Management team to stay on board, incentivized by additional earn-out linked to growth potential
- Acquisition financed through existing facilities

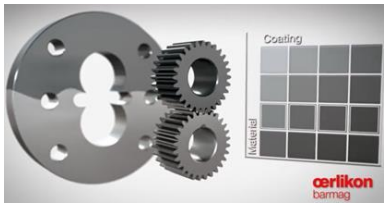
Enhances growth profile, aids diversification and creates significant value

The INglass Product Portfolio is a Perfect Fit with our Existing Polymer Flow Control Solutions



1 Oerlikon has almost 100 years of **flow control know-how** across the value chain, in particular, in gear pumps

2 INglass acquisition **expands product portfolio** of precision polymer flow control equipment



Consistent product portfolio characteristics:

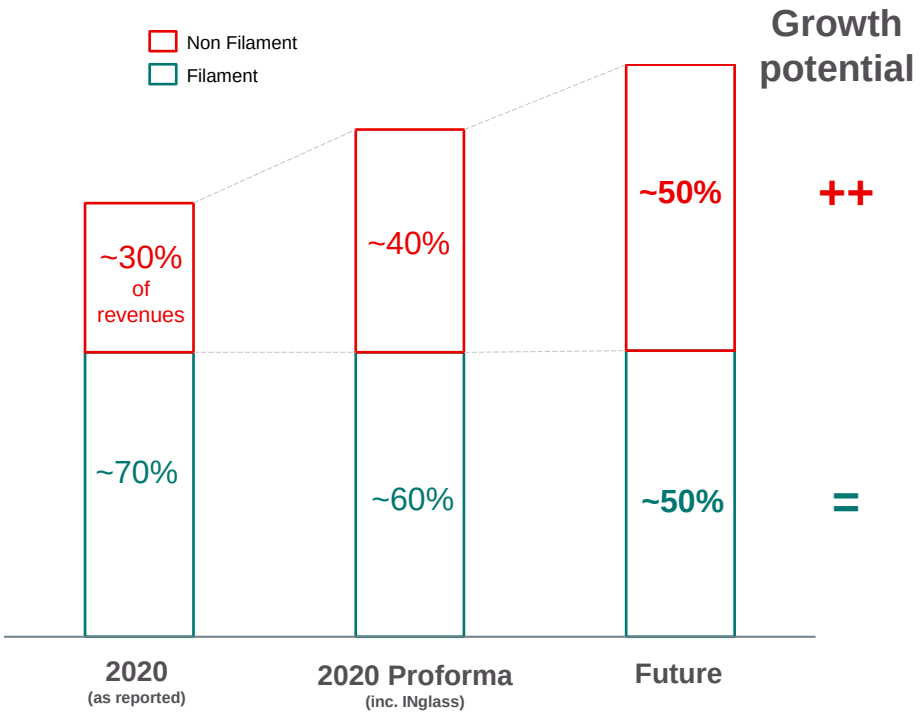
- Precise thermal control
- Pressure management
- Uninterrupted flow
- Use of surface technology key to flow control performance

3 INglass **extends addressable market** of applications into polymer-based parts with its innovative Hot Runner Systems (HRS)

- HRS in automotive growing at 4%+ p.a. driven by lightweight parts and sustainability trends
- Adjacent markets for HRS represent a further CHF 2 billion market opportunity, growing above GDP
- Division peers considered to be Hillenbrand, Barnes, Nordson and Dover Corp

High Quality Business with Ability to Leverage Structural Growth in a Growing Polymer Market

Transformation into Polymer Processing Solutions



Transformation Catalysts

Transforming Manmade Fibers into Polymer Processing Solutions

- Lower reliance on filament market where growth is slower
- Closer alignment to wider polymer market growing at 1.5x Global GDP across different market sectors

Acquisition of INglass is a key strategic milestone

- Accelerates development of flow control business
- Substantially extends flow control IP and product portfolio

Polymer Process Solutions Division has significant growth potential outside Filament market

- Nonwoven market of CHF 0.4 billion growing at +8% p.a.
- Other non-filament market of CHF 1 billion growing at 3-4% p.a.
- INglass HRS addressable market of CHF 0.5 billion growing at +4% p.a.
- Additional adjacent HRS market (e.g. med-tech, pharma, bottles and packaging) of CHF 2 billion growing at +5% p.a.

Continued alignment with sustainability megatrends… including weight reduction, recycling and water preservation

INglass Extends the Long-term Megatrends that Drive Growth in Polymer Processing Solutions and Forming Tool Coatings

Sustainability megatrends served

Climate Change Energy Transition

Resource optimized production to serve rising global demands (**Polymer Processing**) and reduce carbon footprint

Circular Economy Sustainability

Significant focus to develop materials with higher **efficiency and potential to recycle** (Biopolymers and Biodegradable Polymers)

Water Preservation

Sustainable fabrics and recycled fibres. Materials that **consume less water** and energy, while producing less waste

Digitalization

More sensors, data & interfaces → more advanced materials components for conductivity, touch screens, etc.

E-mobility & Lightweight Parts

Decrease carbon footprint via lower weight, lighter materials

Oerlikon is a Market Leading Industrial Technology Group Delivering Sustainable Innovation for Key Industries

#1
in High Potential Markets

- Surface Solutions offers value added services with high barriers to entry
- Polymer Processing Solutions is #1 supplier to several attractive niche markets
- Leading Swiss and German technology in our DNA

~55%*
Sales in Surface Solutions

- Technology and market leader
- High structural growth opportunities
- Operational improvement programs to boost profitability & capital efficiency

~45%*
Sales in Polymer Processing Solutions

- Technology and market leader
- Polymer processing know-how provides structural growth and diversifies the Division
- Highly profitable and cash generative

Strong Financial Base

- Low net-debt position and cash generative
- Ability to deliver 16 – 18% EBITDA in the medium term
- Improving ROCE to double-digit levels in the medium term

Disciplined Capital Allocation

- CHF ~900 m returned to shareholders since 2016
- Delivering value enhancing M&A with 18 acquisitions made since 2016
- Focus on accretive small- to mid-sized M&A with retained capability for transformational deals

Driving ESG and Sustainability

- Reducing environmental impact is at the heart of our technology portfolio
- Committed to ESG and the UN sustainable development goals
- Ambitious 2030 performance targets

Strong growth driven by sustainability megatrends with value creation opportunities

*2020 Group actual numbers before the acquisition of INglass. INglass generated CHF ~135m of revenues in 2020

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