

# Atotech Q4 2020 Conference Call

March 4, 2021



Technology for tomorrow's solutions

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## Non-IFRS Financial Measures

The historical financial information included herein includes financial information that is not presented in accordance with International Financial Reporting Standards and related interpretations as issued by the IASB and adopted by the European Union (“IFRS”), including EBITDA and Adjusted EBITDA. We believe EBITDA and Adjusted EBITDA are measures commonly used by analysts and investors to evaluate the performance of companies in our industry. Our use of the terms EBITDA and Adjusted EBITDA may differ from that of others in our industry. EBITDA and Adjusted EBITDA should not be considered as alternatives to net income (loss), operating income or any other performance measures derived in accordance with IFRS as measures of operating performance or operating cash flows or as measures of liquidity. EBITDA and Adjusted EBITDA have important limitations as analytical tools and should be considered in conjunction with, and not as substitutes for, our results as reported under IFRS. This presentation includes a reconciliation of certain non-IFRS financial measures with the most directly comparable financial measures calculated in accordance with IFRS.

## Rounding

Certain monetary amounts, percentages and other figures included in this presentation have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

## Organic Sales

Organic sales growth is calculated as net revenue growth excluding the impact of foreign exchange and palladium price fluctuations.

## Defined Terms

All capitalized terms contained within this presentation have been previously defined in our filings with the U.S. Securities and Exchange Commission.

# Q4 Highlights

Strong performance driven by favorable market conditions and solid execution

## Demand Environment

- **Broad-based constructive end-markets**
- **Electronics organic chemistry growth of 7%<sup>(1)</sup>** driven by multiple secular tailwinds (5G, smartphone replacement cycle, auto electrification)
- Auto markets rapidly improving, **GMF organic chemistry revenue up 3%<sup>(1)</sup>**

## Profitability & Cash flow

- **Adj. EBITDA<sup>(2)</sup> increased to \$106M**, driven by strong organic volume and cost management initiatives
- **Adj. free cash flow from operations<sup>(2)</sup> before debt service of \$120M, up 15%**
- **Net leverage at 5.1x** at year-end 2020 (pre-IPO)

## Key Initiatives

- Completed new **Yangzhou chemistry production facility**
- **Drove strong growth** with advanced solutions for next-generation semiconductor packaging
- **Successful Electronics equipment** product introductions

(1) Organic chemistry sales: Net chemistry sales +/- impact of FX and +/- impact of palladium

(2) See appendix for definitions of EBITDA and Adjusted EBITDA as well as a reconciliation to the most closely comparable IFRS measure

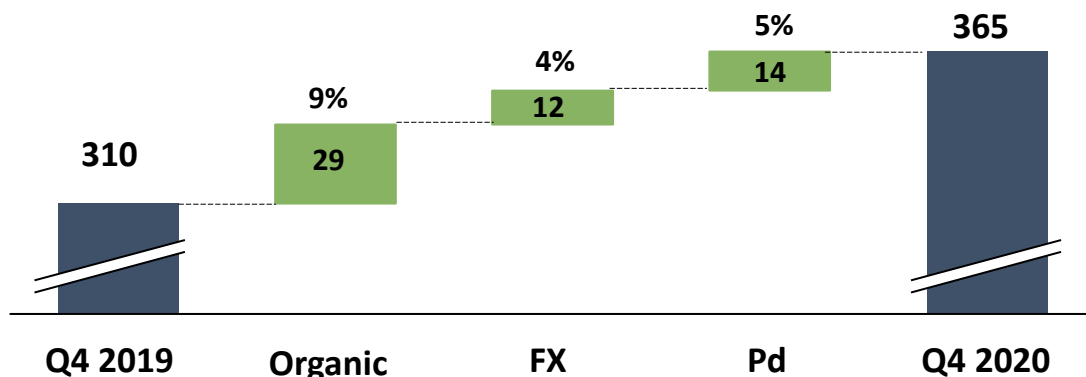
# Consolidated Results – Q4 2020

## Consolidated results

\$ in millions

	Q4		% Change	
	2020	2019	Total	Organic <sup>(1)</sup>
<b>Electronics</b>	\$232	\$186	25%	14%
<b>GMF</b>	\$133	\$124	7%	2%
<b>Net Revenue</b>	\$365	\$310	18%	9%
<b>Electronics</b>	\$70	\$64	9%	
<b>GMF</b>	\$36	\$36	-1%	
<b>Adjusted EBITDA<sup>(2)</sup></b>	\$106	\$101	5%	
<b>Adj. EBITDA Margin</b>	29.1%	32.5%	- 340 bps	

## Revenue bridge



- Organic growth reflects continued strength in Electronics and improving global automotive and industrial markets in GMF; Organic chemistry revenue growth of 5%
- Adjusted EBITDA growth driven by strong organic volume, stable pricing, and the benefit of cost measures, partially offset by increased compensation accruals
- Adjusted EBITDA margin impacted by palladium pass-through, product mix and compensation accrual; excluding these items, adjusted EBITDA margin was largely in-line with last year

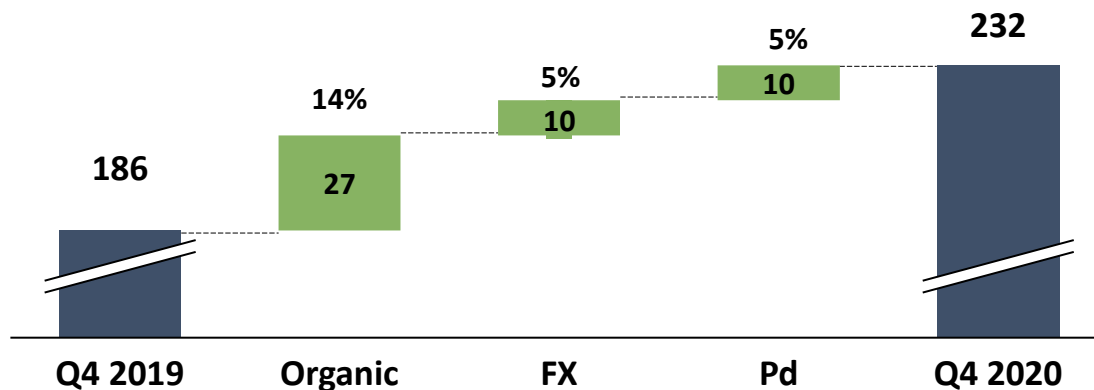
# Electronics Results – Q4 2020

Strong chemistry and equipment demand drive organic growth

## Electronics results

\$ in millions	Q4		% Change	
	2020	2019	Total	Organic <sup>(1)</sup>
<b>Chemistry</b>	\$189	\$159	19%	7%
<b>Equipment</b>	\$44	\$27	62%	56%
<b>Net Revenue</b>	\$232	\$186	25%	14%
<b>Adj. EBITDA <sup>(2)</sup></b>	\$70	\$64	9%	
<b>Adj. EBITDA Margin</b>	30.2%	34.6%	- 440 bps	

## Revenue bridge



- Organic chemistry growth of 7%, driven by 5G build-out, demand for IC substrates and semiconductor packaging, and auto electrification
- Organic equipment revenue grew 56%, driving future incremental chemistry growth
- Adjusted EBITDA growth reflects organic growth, strong pricing discipline, and cost measures, partially offset by compensation accruals
- Margin impacted by palladium, product mix, and accruals; excluding these items, adjusted EBITDA margin was largely consistent with last year

(1) Organic sales: Net sales +/- impact of FX and +/- impact of palladium

(2) See appendix for definitions of EBITDA and Adjusted EBITDA as well as a reconciliation to the most closely comparable IFRS measure

# GMF Results – Q4 2020

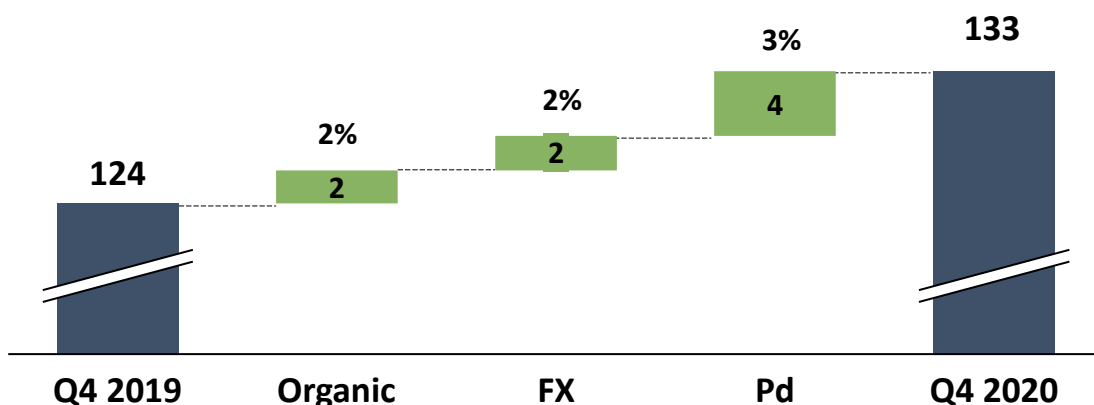
Results reflect improving global auto markets and solid industrial activity

## GMF results

\$ in millions

	Q4		% Change	
	2020	2019	Total	Organic <sup>(1)</sup>
<b>Chemistry</b>	\$129	\$120	8%	3%
<b>Equipment</b>	\$4	\$5	-20%	-26%
<b>Net Revenue</b>	\$133	\$124	7%	2%
<b>Adj. EBITDA <sup>(2)</sup></b>	\$36	\$36	-1%	
<b>Adj. EBITDA Margin</b>	27.0%	29.3%	- 230 bps	

## Revenue bridge



- 3% organic chemistry growth led by improving global auto markets
- Strong demand for sustainable solutions in automotive surface finishing and renewable energy; white goods and other industrial end-markets remain solid
- Equipment revenue remained muted in Q4, but order rates are slowly improving
- Adjusted EBITDA of \$36M reflects organic volume, offset by compensation accruals
- Adjusted EBITDA margin impacted by palladium and accruals; excluding these items, adjusted EBITDA margin was in-line with last year

(1) Organic sales: Net sales +/- impact of FX and +/- impact of palladium

(2) See appendix for definitions of EBITDA and Adjusted EBITDA as well as a reconciliation to the most closely comparable IFRS measure

# Liquidity & Capital Structure

Net debt to LTM adj. EBITDA at 5.1x

## YE 2020 Capitalization table

\$ in millions	divided by LTM	
	Amount	Adj. EBITDA
<b>Cash &amp; Cash equivalents</b> <sup>(1)</sup>	316	
Revolving credit facility <sup>(2)</sup>	0	
Term loans	1,455	
Capitalized leases <sup>(3)</sup>	82	
<b>Total senior secured debt</b>	<b>1,536</b>	<b>4.2 X</b>
<b>Net senior secured debt</b>	<b>1,220</b>	<b>3.4 X</b>
Senior unsecured notes	425	
P-I-K notes	219	
<b>Total debt</b>	<b>2,180</b>	<b>6.0 X</b>
<b>Net debt</b>	<b>1,864</b>	<b>5.1 X</b>
Common equity	484	
<b>Total capitalization</b>	<b>2,664</b>	
<b>FY 2020 operating metrics</b>		
Adjusted EBITDA	364	
Capital expenditures <sup>(4)</sup>	53	

- **Q4 adj. free cash flow from operations of \$120M and \$262M for full year 2020, before debt service**
- **\$549M of liquidity**, including net cash of \$316M and borrowing capacity of \$232.5M<sup>(2)</sup> under RCF, provides significant cushion in all scenarios
- **Repaid \$80M** of P-I-K notes in Q4
- **Net leverage at 5.1x** at year-end driven by solid EBITDA and strong cash generation
- Post IPO closing (Feb 8, 2021) **pro forma net leverage at 3.9x**

(1) Net of local lines of credit

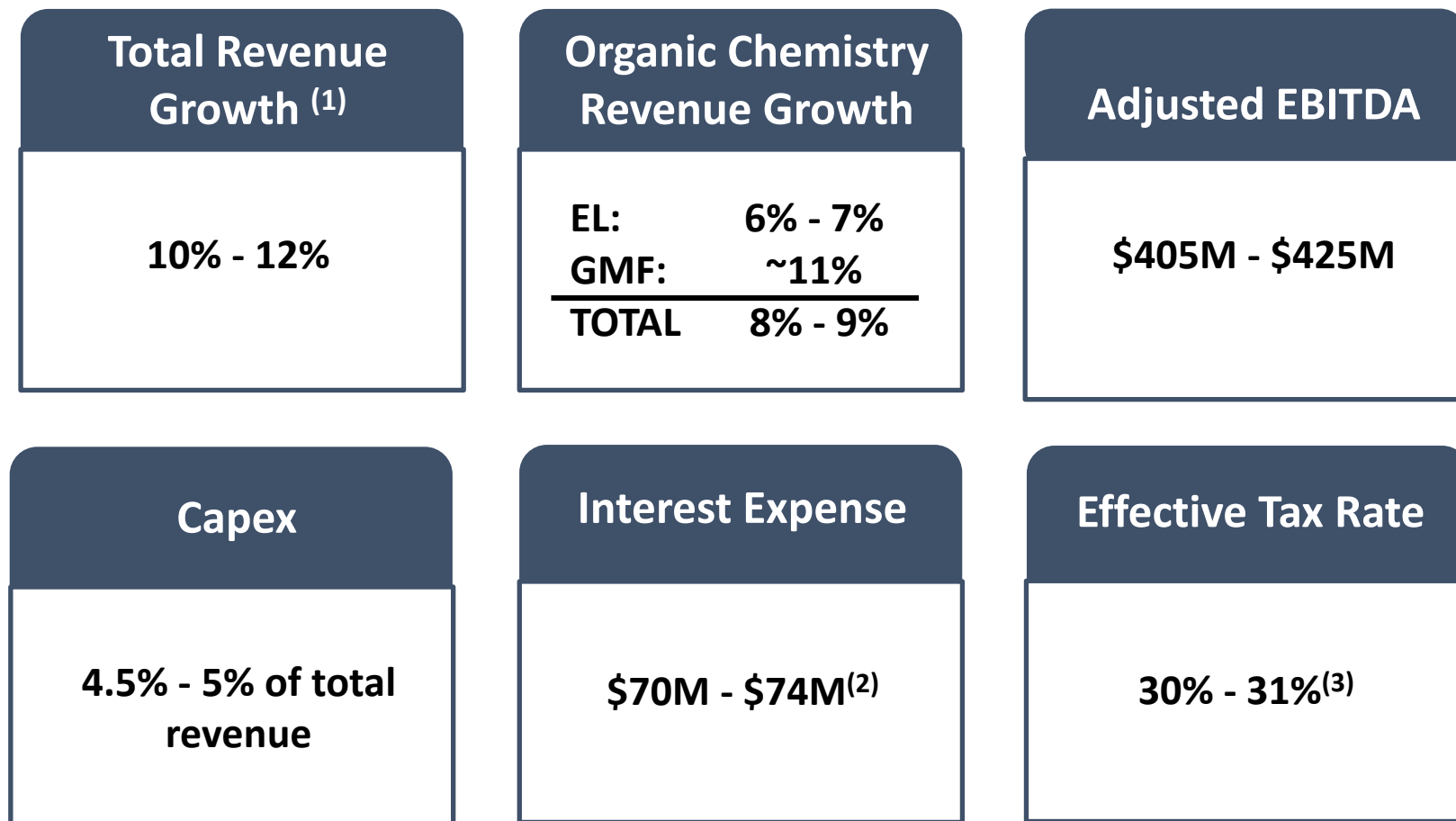
(2) Includes revolver with commitments of \$250.0M and borrowing capacity of \$232.5M, after giving effect to ancillary facilities of \$17.5M

(3) Reflects application of IFRS 16, Leases

(4) Capex net of proceeds from disposals of intangible assets and property, plant and equipment

# Full-Year 2021 Guidance

Strong growth in both segments lead to 14% adj. EBITDA growth at the mid-point



(1) Includes organic chemistry growth and equipment

(2) Excludes roughly \$61M in one-time costs connected with early extinguishment of Holdco and Opco notes and financing fee amortization, which will be recognized in Q1 2021

(3) Includes approximately 25% - 26% income tax rate and 5% withholding tax rate. Tax rate is generally applicable to operating profit (before interest expense), and does not include any tax litigation reserves we may take





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# Appendix



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# Consolidated Results – Full-year 2020

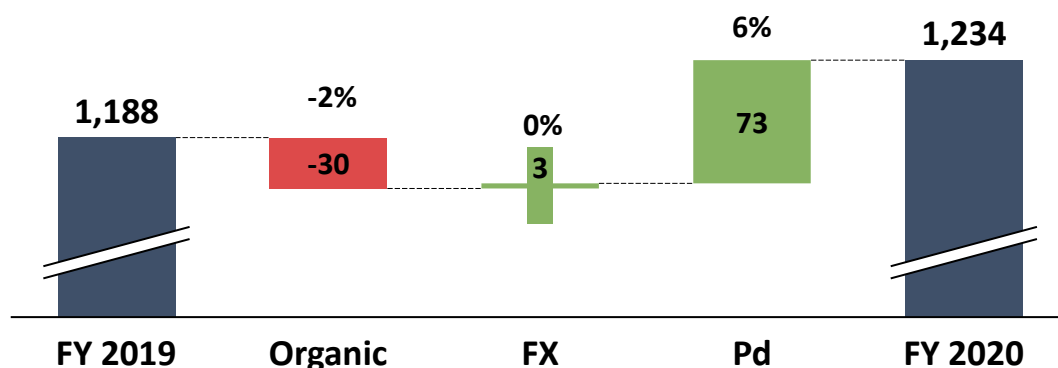
## Consolidated results

\$ in millions

	FY		% Change	
	2020	2019	All-in	Organic <sup>(1)</sup>
<b>Electronics</b>	\$798	\$683	17%	7%
<b>GMF</b>	\$437	\$505	-14%	-16%
<b>Net Revenue</b>	\$1,234	\$1,188	4%	-2%
<b>Electronics</b>	\$259	\$242	7%	
<b>GMF</b>	\$105	\$139	-24%	
<b>Adjusted EBITDA <sup>(2)</sup></b>	\$364	\$380	-4%	
<b>Adj. EBITDA Margin</b>	29.5%	32.0%	- 250 bps	

- Organic growth reflects continued strength in Electronics, offset by the impact of the global pandemic in GMF (particularly in Q2 2020)
- Adjusted EBITDA decline driven by lower GMF volume, partially offset by growth in Electronics and benefit of cost measures
- Adjusted EBITDA margin significantly impacted by palladium pass-through (\$73 million increase in sales); excluding the impact of palladium, adjusted EBITDA margin was 31%

## Revenue bridge

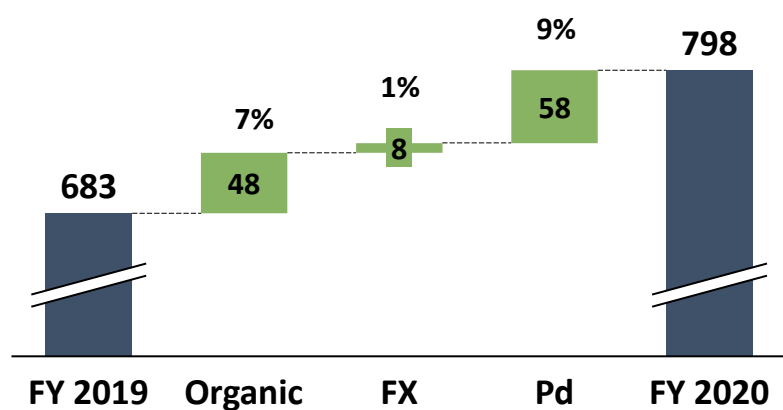


# Electronics & GMF Results – Full-year 2020

## Electronics results

\$ in millions	FY		% Change	
	2020	2019	All-in	Organic <sup>(1)</sup>
<b>Chemistry</b>	\$690	\$596	16%	5%
<b>Equipment</b>	\$108	\$87	24%	23%
<b>Net Revenue</b>	\$798	\$683	17%	7%
<b>Adj. EBITDA</b>	\$259	\$242	7%	
<b>Adj. EBITDA Margin</b>	32.5%	35.4%	- 290 bps	

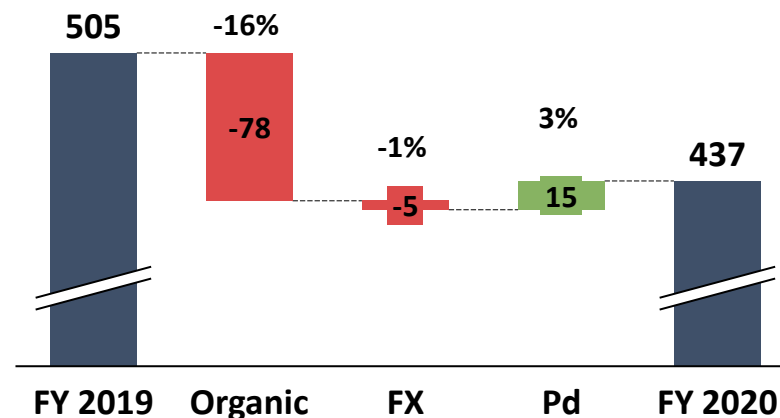
## Electronics revenue bridge



## GMF results

\$ in millions	FY		% Change	
	2020	2019	All-in	Organic <sup>(1)</sup>
<b>Chemistry</b>	\$424	\$469	-10%	-12%
<b>Equipment</b>	\$13	\$36	-65%	-65%
<b>Net Revenue</b>	\$437	\$505	-14%	-16%
<b>Adj. EBITDA</b>	\$105	\$139	-24%	
<b>Adj. EBITDA Margin</b>	24.0%	27.4%	- 340 bps	

## GMF revenue bridge



# Adjusted EBITDA Reconciliation

(\$ in millions)	Quarter Ended		Fiscal Year Ended	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Revenues</b>	\$ 365.4	\$ 310.4	\$ 1,234.3	\$ 1,187.8
<b>Consolidated Net Income (IFRS)</b>	\$ 22.4	\$ (4.3)	\$ (289.4)	\$ 7.6
Interest, net	36.4	35.0	142.0	148.1
Income taxes	20.4	16.9	64.3	54.8
Depreciation and Amortization excluding impairment charges	43.3	42.3	166.4	165.4
<b>Reported EBITDA</b>	<b>\$ 122.5</b>	<b>\$ 89.8</b>	<b>\$ 83.3</b>	<b>\$ 375.9</b>
<b>Adjustments:</b>				
① Non-cash adjustments	(32.2)	(3.4)	250.7	(10.2)
② Foreign exchange (gain) loss	11.6	12.0	14.8	(2.4)
③ Restructuring	0.7	(0.3)	2.5	13.4
④ Transaction related costs	2.8	2.2	7.6	7.1
⑤ Management fee	0.4	0.5	2.7	2.4
⑥ COVID-19 adjustments	0.4	-	2.2	-
⑦ Gain on disposal of assets	-	-	-	(6.1)
<b>Adjusted EBITDA</b>	<b>\$ 106.3</b>	<b>\$ 100.8</b>	<b>\$ 363.9</b>	<b>\$ 380.1</b>
% Sales	29.1%	32.5%	29.5%	32.0%

# Adjusted EBITDA Reconciliation (Cont'd)

## 1 Non-cash adjustments

- Eliminates the non-cash impact of (1) share-based compensation, (2) losses on the sale of fixed assets, (3) goodwill impairment charges of \$284 million, and (4) mark-to-market adjustments related to the Group's foreign currency derivative and bifurcated embedded derivatives related to certain redemption features of the Opco Notes and Holdco Notes.

## 2 Foreign exchange (gain) loss

- Eliminates foreign currency transactional gains and losses.

## 3 Restructuring

- Eliminates charges resulting from restructuring activities principally from the Group's cost reduction efforts.

## 4 Transaction related costs

- Reflects an adjustment to eliminate (1) purchase accounting and transaction fees incurred as part of the Acquisition, (2) fees associated with the foreign currency exchange derivatives entered into in conjunction with the Acquisition, and (3) professional fees paid to third-party advisors in connection with the implementation of strategic initiatives.

## 5 Management fee

- Reflects an adjustment to eliminate fees paid to Carlyle. These fees will cease to be paid on the earlier of (i) the second anniversary of the initial public offering and (ii) the date upon which Carlyle ceases to own more than ten percent of the outstanding voting securities of the Company.

## 6 COVID-19 adjustment

- Eliminates extraordinary charges in connection with COVID-19, including \$1.7 million for masks, sanitizers, and other cleaning costs at certain plant and office locations and \$0.5 million of expenses incurred during locally mandated shutdowns in China, Malaysia, and India.

## 7 Gain on disposal of assets

- Eliminates the cash impact of gains on the sale of fixed assets.

# Adjusted Free Cash Flow Before Debt Service

(\$ in millions)	Quarter Ended		Fiscal Year Ended	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
<b>Adj. EBITDA</b>	\$ 106	\$ 101	\$ 364	\$ 380
- Capex <sup>(1)</sup>	\$ (14)	\$ (25)	\$ (53)	\$ (66)
- Change in OWC <sup>(2)</sup>	50	49	21	40
- Cash Taxes	(22)	(21)	(71)	(85)
<b>Adj. FCFFO before Debt Service<sup>(3)</sup></b>	<b>\$ 120</b>	<b>\$ 104</b>	<b>\$ 262</b>	<b>\$ 269</b>
as a % of sales	33%	34%	21%	23%
as a % of Adj. EBITDA	113%	103%	72%	71%
- Interest	(31)	(32)	(127)	(133)
<b>Adj. FCFFO before Debt Paydown</b>	<b>\$ 89</b>	<b>\$ 72</b>	<b>\$ 135</b>	<b>\$ 136</b>
as a % of sales	24%	23%	11%	11%
as a % of Adj. EBITDA	83%	71%	37%	36%

(1) Capex is presented net of proceeds from disposals of intangible assets and property, plant, and equipment

(2) OWC = Operating working capital and includes trade receivables and inventories less trade payables

(3) Following our IPO in February 2021, we redeemed in full all \$425.0 million of our 6.250% Senior Notes due 2025 and all \$219.0 million of our 8.75%/9.50% Senior PIK Toggle Notes.

# Revenue Growth Reconciliation

	Quarter ended 12/31/20			
	Reported Revenue Growth	Impact of Currency	Palladium Pass-through	Organic Revenue Growth
Electronics	25%	(5%)	(5%)	14%
General Metal Finishing	7%	(2%)	(3%)	2%
<b>Total</b>	<b>18%</b>	<b>(4%)</b>	<b>(5%)</b>	<b>9%</b>

	Full year ended 12/31/20			
	Reported Revenue Growth	Impact of Currency	Palladium Pass-through	Organic Revenue Growth
Electronics	17%	(1%)	(9%)	7%
General Metal Finishing	(14%)	1%	(3%)	(16%)
<b>Total</b>	<b>4%</b>	<b>0%</b>	<b>(6%)</b>	<b>(2%)</b>