

On a new level of profitability

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Annual Media and Analyst Conference

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- 1** Business Review 2011
- 2** Financial Year 2011 Results
- 3** Key Success Factors
- 4** Outlook and Summary
- 5** Appendix

Profitability improves to 10% EBIT margin

Dividend of CH 0.20 per share proposed

in CHF m / in %

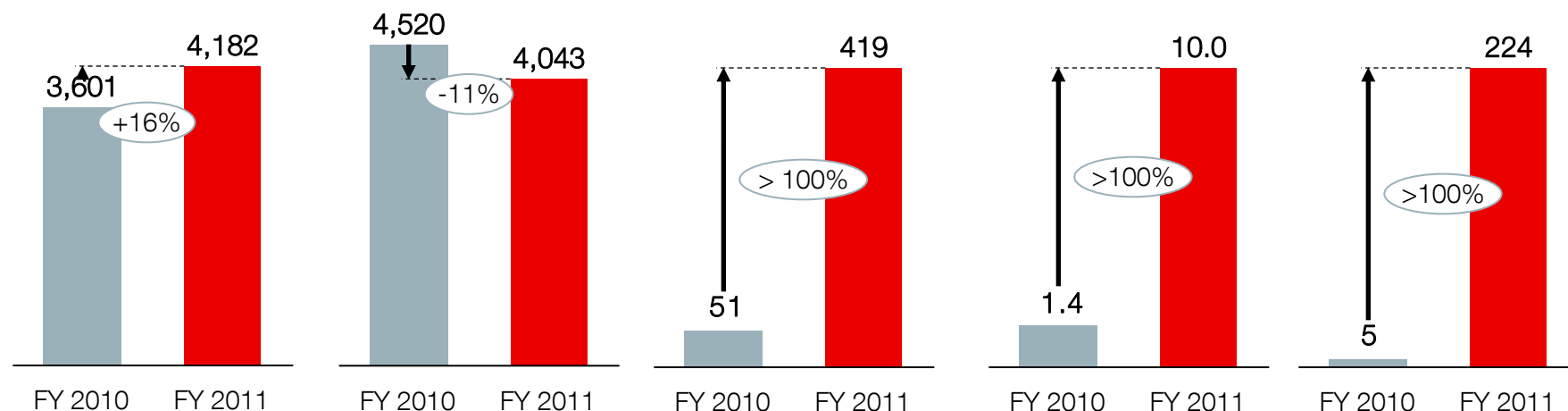
Sales*

Order intake

EBIT

EBIT margin

Net profit



New level of profitability achieved

- The Oerlikon Group reported a substantial improvement in performance
- Adjusted for currency effects, sales would have increased by 30 %
- Record profitability of the Oerlikon Group driven by Textile, Coating and Vacuum
- Operational Excellence initiatives drove profitability improvement
- Strong focus on Innovation: Technological Leadership
- Focus on Asia : 49 % of Group sales in Asia with China as the main driving force

Agreement to divest Solar Segment to Tokyo Electron Limited (TEL) – Strategic move for portfolio discipline to continue profitable growth

Record EBIT margin of 9 % – focus on Asia

Competitive situation

- Market and technology leader in Manmade Fibers
- Strong market and technology position for all other textile applications

Market

- Manmade fiber market steady at a high level
- Natural fiber market saw the expected decline
- Textile components market continued to grow
- Regional growth drivers: China and India
- China represents 40 % of Segment sales



Highlights 2011

- Strong sales growth and record EBIT margin
- Strengthening of market position in China
- Operational streamlining (3 Business Units, relocation of management to Shanghai)
- Innovations presented at ITMA trade show

Key Financials

CHF m	FY 2010	FY 2011	Change
OI	2,509	1,977	-21 %
Sales*	1,653	2,037	+23 %
EBIT	21	183	>100 %

Outlook 2012

- Segment expects a slight decline in order intake and sales
- Slightly increasing profitability due to underlying performance improvement

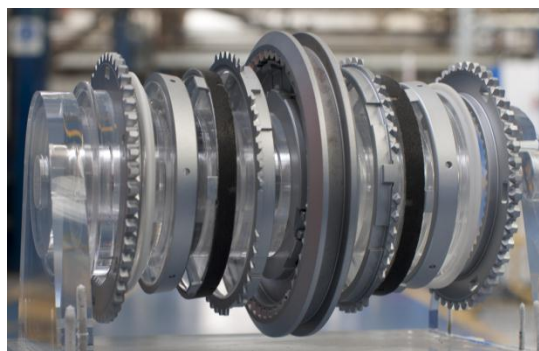
Return to profitability in 2011, EBIT margin of 6%

Competitive situation

- Leading provider for gear and transmission components as well as solutions in challenging niche markets

Market

- High demand and growth in heavy agriculture equipment and the energy sector as well as in construction machinery and material-handling
- Transmission systems for high-performance cars remained strong – prototypes for electric vehicles
- India and China as growth regions



Highlights 2011

- Successful positioning of the Segment as a whole
- Capacity expansion in Asia
- Access to market strategy in Asia (China, India)
- Profitability recovered to an EBIT margin of 6 %

Key Financials

CHF m	FY 2010	FY 2011	Change
OI	792	892	+13 %
Sales*	733	821	+12 %
EBIT	-27	49	n/a

Outlook 2012

- Agriculture, construction, energy and sports cars markets show stable demand
- Slight sales growth
- Further increase in profitability due to operational excellence programs

Oerlikon Drive Systems

Expansion of Production Capacity in China



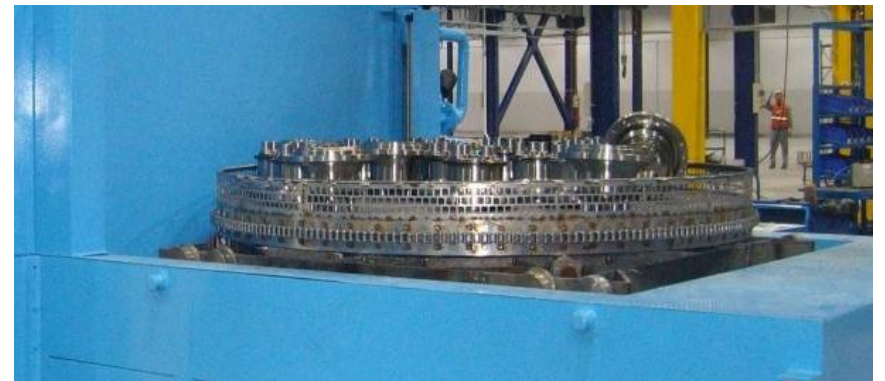
New shop floor area at Suzhou, China



Assembly Line completed



Warehouse completed, internal stock put on rack



Washing machine ready for operations

Record margin of 14% reached in 2011

Competitive situation

- Strong market and technology position with further potential for profitable growth

Market

- The Process and surface-treatment industries and the analytics market were performance driver
- Overall market demand weakened, in particular the solar and the semiconductor industry
- Tapping of new application areas including degasification of steel and production of LED



Highlights 2011

- Record EBIT margin of 14% achieved
- Growing Asian market served in the region
- Expansion of production capabilities in China to increase capacity by 30%
- MAGiNTEGRA completed product portfolio

Key Financials

CHF m	FY 2010	FY 2011	Change
OI	438	400	-9 %
Sales*	410	409	-
EBIT	30	59	+97 %

Outlook 2012

- Market environment expected to become more challenging
- Potential gain in market share due to new products, additional capacity and expansion in the solution and service network
- Stable sales and margin improvement

* Sales to third parties

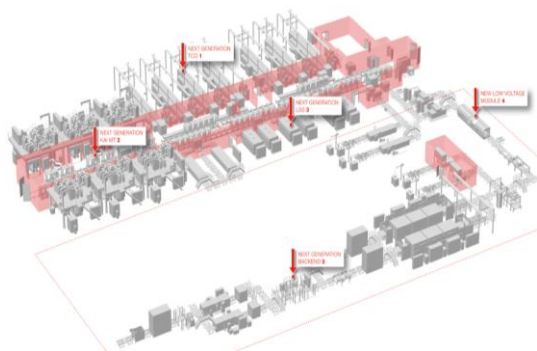
Commercial and technological milestones achieved

Competitive situation

- Leadership in cost and environmental management in the solar energy industry

Market

- Asia likely to dominate the module manufacturing market in the long term
- Increased price competition with overcapacity for crystalline solar cells
- Long lead times and high investment levels
- Thin film technologies still in the phase of gaining full market acceptance



Highlights 2011

- First order for a 120 MW ThinFab™
- Introduction of 2nd generation of ThinFab™ with 154 W(p) module and 10.8 % efficiency
- Further cost reduction of USD 0.5/W(p) and CAPEX requirement to USD 1.00/W(p)

Key Financials

CHF m	FY 2010	FY 2011	Change
OI	230	202	-12 %
Sales*	254	323	+27 %
EBIT	-59	-10	n/a

Outlook 2012

- Agreement to divest Solar Segment to strategic buyer Tokyo Electron Limited (TEL)
- Transaction subject to merger control
- Closing expected in the next months

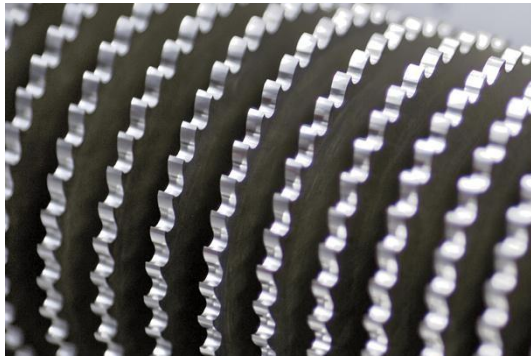
Sales growth and breakthrough innovation

Competitive situation

- Market and technology leader in Physical Vapor Deposition (PVD)

Market

- Continuing high demand from the automotive industry, especially in Europe, as key growth driver
- Demand for environmentally friendly solutions
- New applications for coated precision components



Highlights 2011

- 4 new coating centers in China, India and Poland; expansion of existing centers
- New innovation S3p™ and attendant coating system INGENIA
- Successful expansion into additional application areas of coated precision components
- 15 % sales growth, record 20 % EBIT margin

Key Financials

CHF m	FY 2010	FY 2011	Change
OI	422	484	+15 %
Sales*	422	484	+15 %
EBIT	52	97	+87 %

Outlook 2012

- Stable global outlook for the automotive industry
- Further regional expansion and opening of new coating centers
- Slight sales growth and profitability to remain stable at a high level

* Sales to third parties

Oerlikon Advanced Technologies

Significant increase in profitability

Competitive situation

- Highly specialized equipment supplier with unique technology competence in PVD coating

Market

- Cooling of the semiconductor equipment market
- Nanotechnology and solar markets impacted by the current market environment
- Optical storage media solutions continue to trend lower



Highlights 2011

- New HEXAGON packaging system launched; increased productivity and reduced maintenance
- New SOLARIS production system offers further application opportunities

Key Financials

CHF m	FY 2010	FY 2011	Change
OI	129	88	-32 %
Sales*	129	108	-16 %
EBIT	10	11	+10 %

Outlook 2012

- Market penetration of HEXAGON system for semiconductor applications (advanced packaging)
- Further development of technology to address e.g. energy efficiency management and energy conversion applications
- Sales to increase slightly, margin to decrease

* Sales to third parties

Operational Performance

EBIT margin of 10 %
Dividend policy

Operational Excellence

Execution of initiatives
Continuous improvement

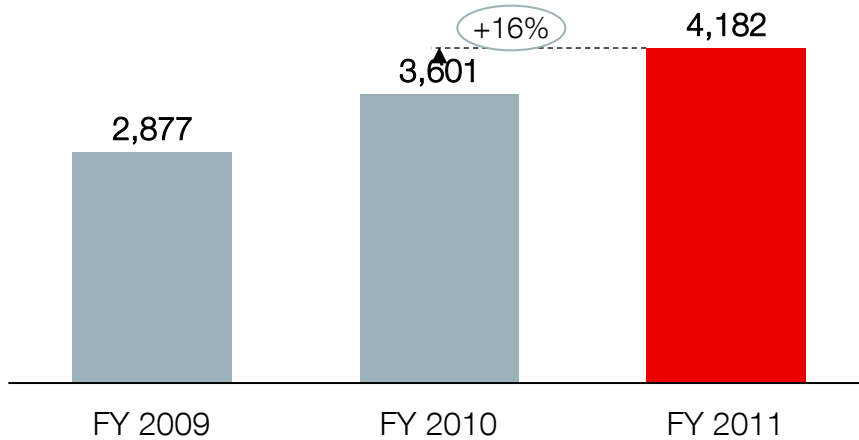
Innovation

Investment in R&D
Launch of new products

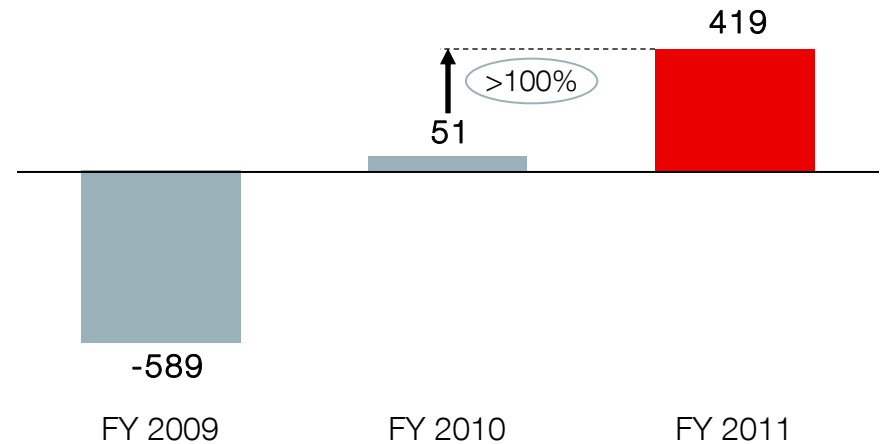


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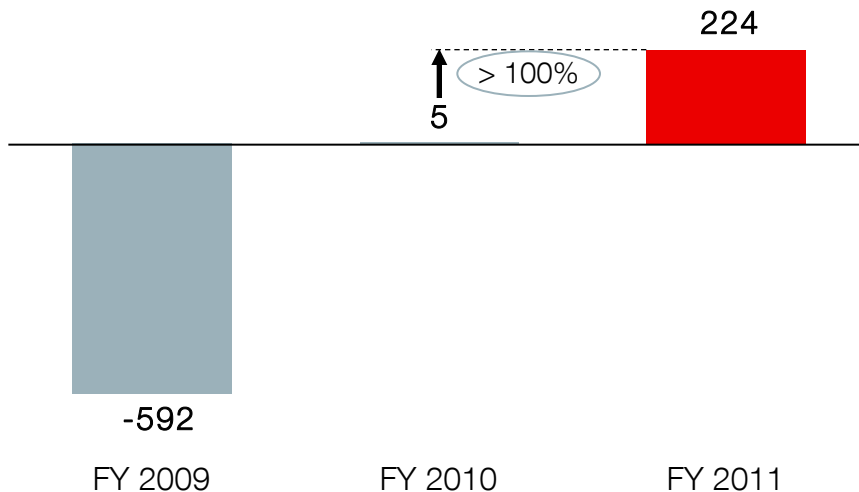
Sales* FY 2009 – FY 2011 (in CHF m)



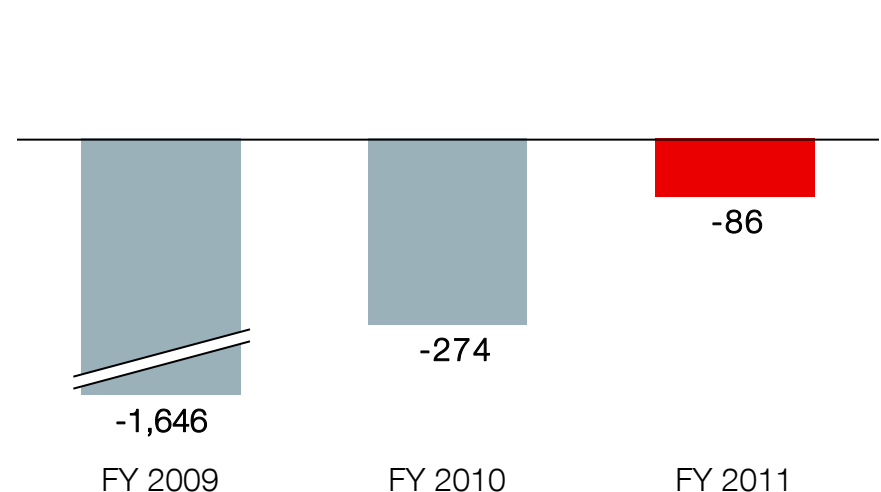
EBIT FY 2009 – FY 2011 (in CHF m)



Net profit/loss FY 2009 – FY 2011 (in CHF m)



Net debt FY 2009 – FY 2011 (in CHF m)



Oerlikon Group key figures FY 2011



in CHF m	FY 2010	FY 2011	Δ
Order intake	4,520	4,043	-11 %
Order backlog	1,702	1,481	-13 %
Sales*	3,601	4,182	+16 %
EBITDA % of sales	278 8 %	605 14 %	>100 %
EBIT % of sales	51 1 %	419 10 %	>100 %
Net profit % of sales	5 0 %	224 5 %	>100%
Cash flow from operating activities before changes in net current assets	354	541	+53 %
Net Operating Assets (incl. goodwill and brands)	2,196	2,205	0 %

* Sales to third parties

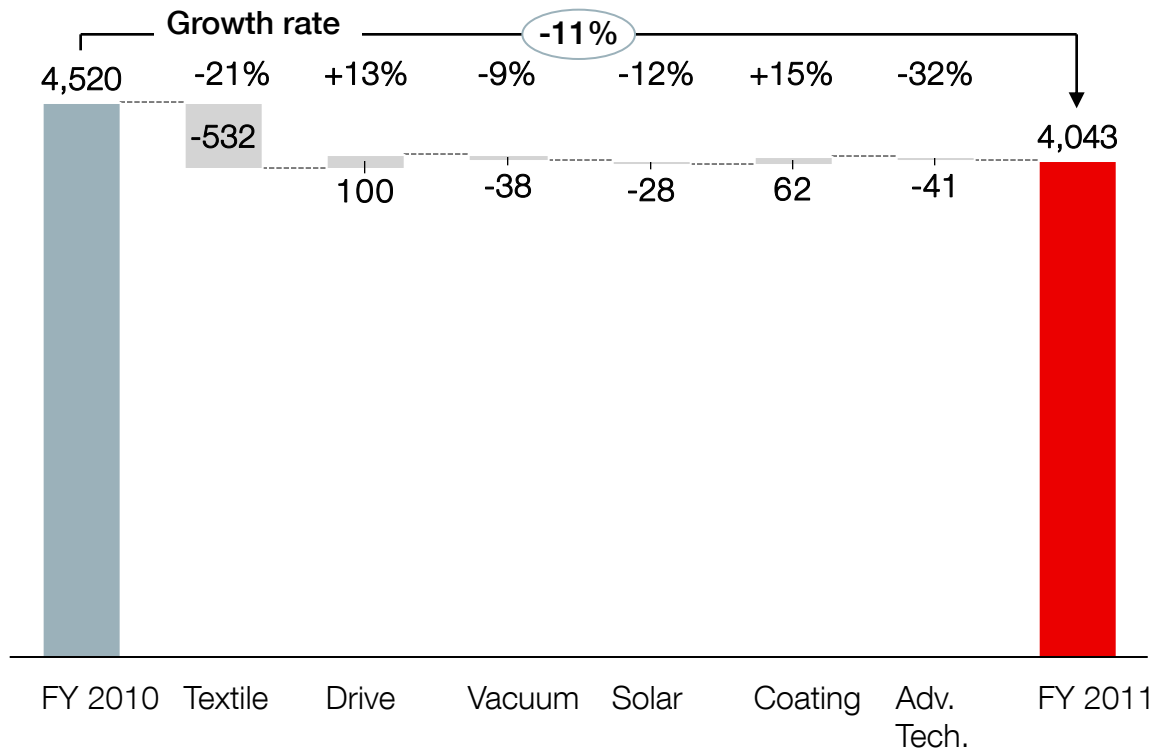
Key figures by Segment FY 2011

in CHF m	Textile	Drive	Vacuum	Solar	Coating	Adv.Tech.
Order intake	1,977	892	400	202	484	88
Order backlog	1,053	213	77	130	n/a	8
Sales* Δ to 2010	2,037 23 %	821 12%	409 -	323 27 %	484 15%	108 -16%
EBITDA % of sales	233 11 %	94 11 %	72 18 %	17 5 %	141 29 %	14 13 %
EBIT % of sales	183 9 %	49 6 %	59 14%	-10 n/a	97 20 %	11 10 %
Net Operating Assets	618	936	165	97	303	82
Employees	6,230	5,471	1,472	660	2,986	200

Order bridge by Segment

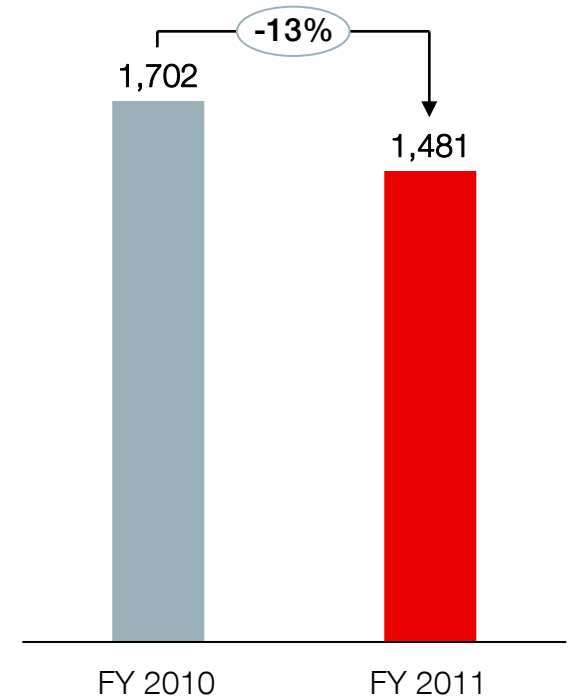
Order intake by Segments

in CHF m



Order backlog

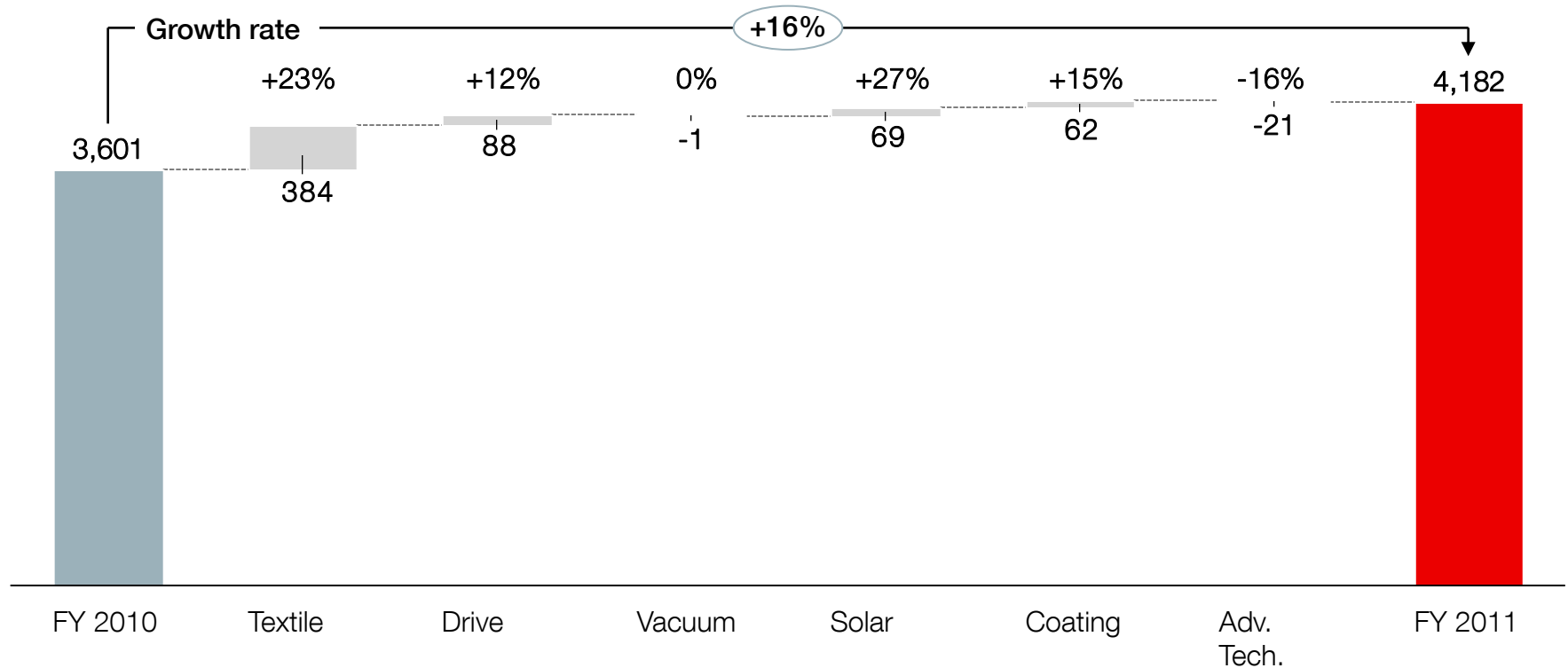
in CHF m



Sales bridge by Segment

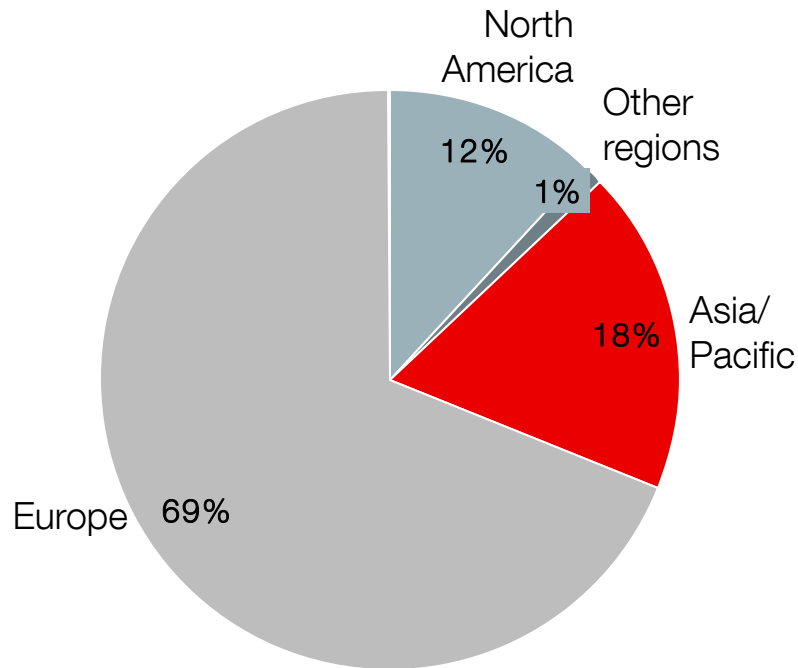
Sales* by Segment

in CHF m

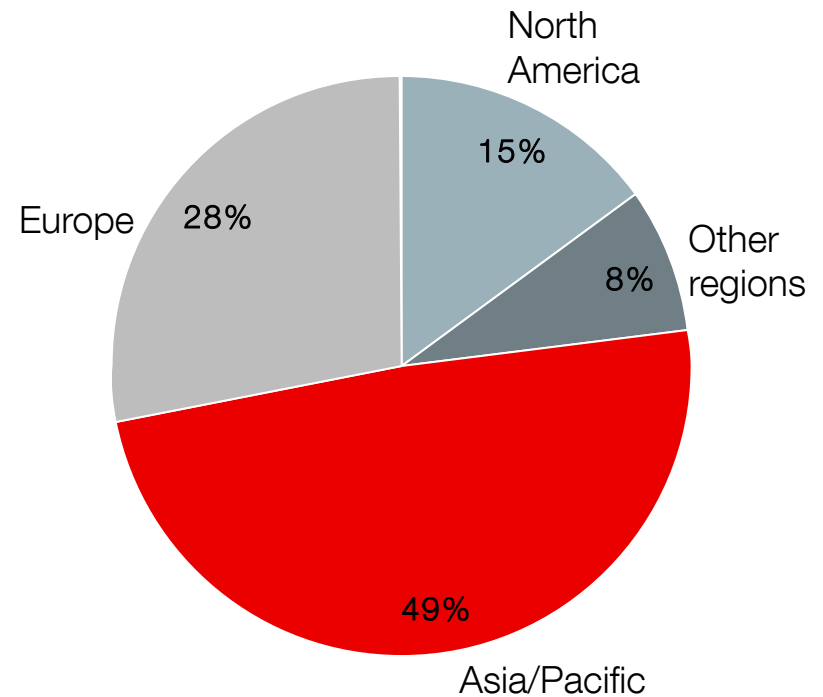


Sales by location and region FY 2011

Sales* by location



Sales* by market region

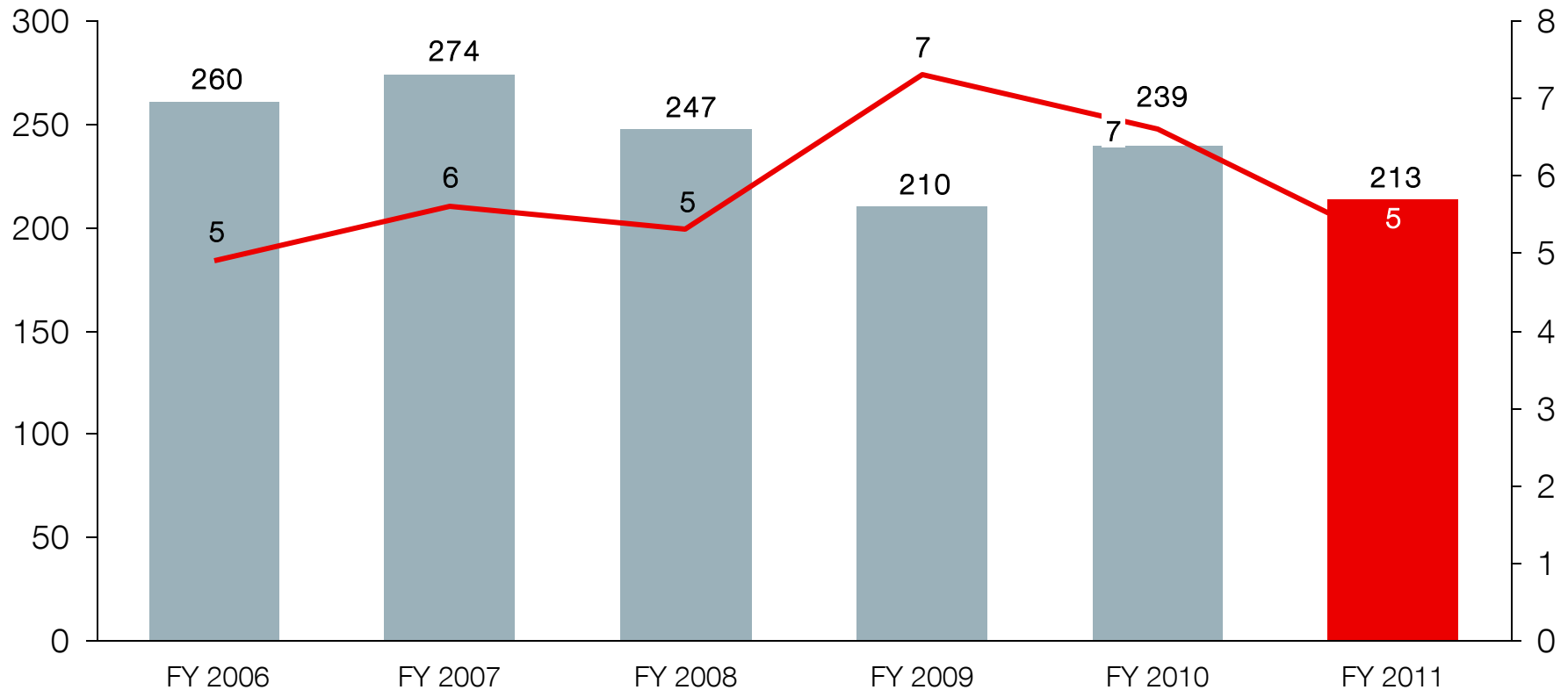


- Oerlikon benefits from growth opportunities worldwide
- Asian markets fueled sales up by 27 %; Europe up by 9 %; North America up by 1 %; Other regions up by 14 %
- Assessment of emerging markets (BRIC) to better balance geographical diversification

Constant range of investments in R&D to secure technological leadership

Investments in R&D in the range of 5 – 7 % of sales

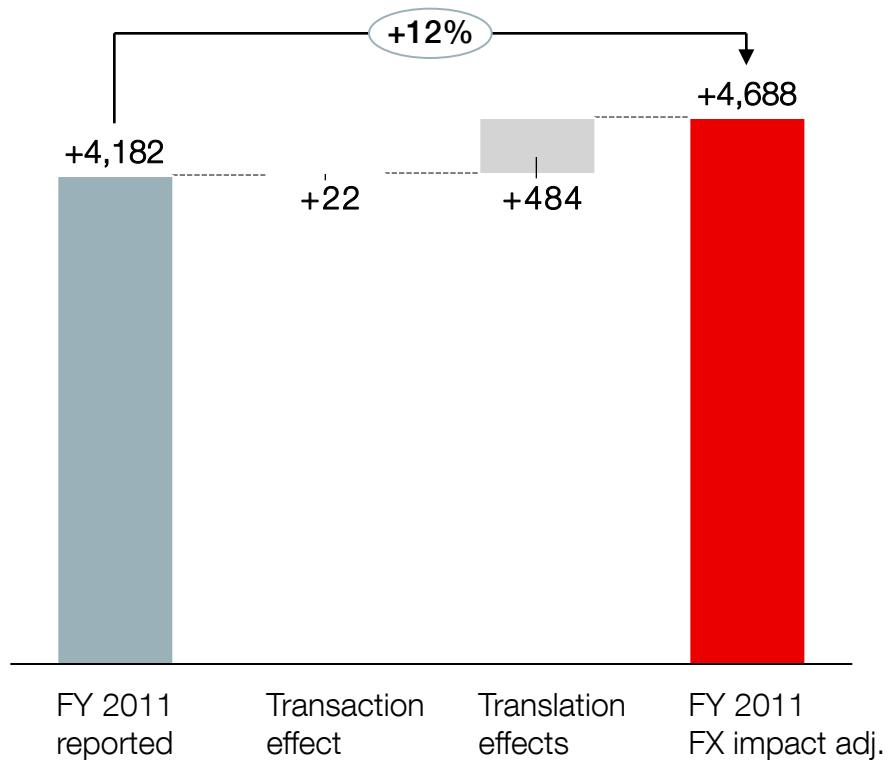
in CHF m / as % of sales



FX impact on Sales, EBIT and EBIT margin

Oerlikon Group Sales* FY 2011

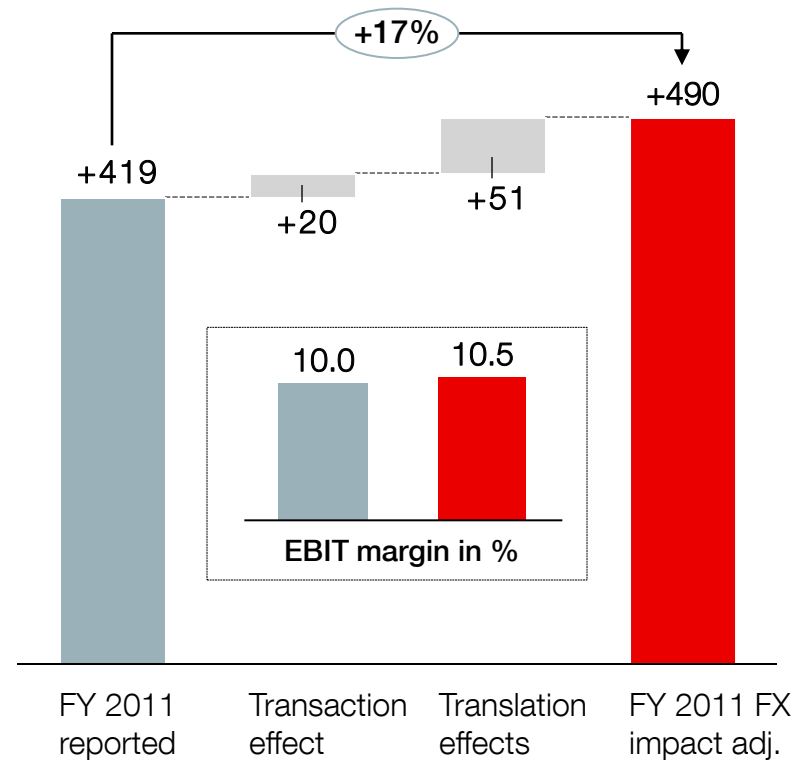
in CHF m



- 30 % growth normalized for currency impact compared to FY 2010 (CHF 3,601 million)

Oerlikon Group EBIT FY 2011

in CHF m

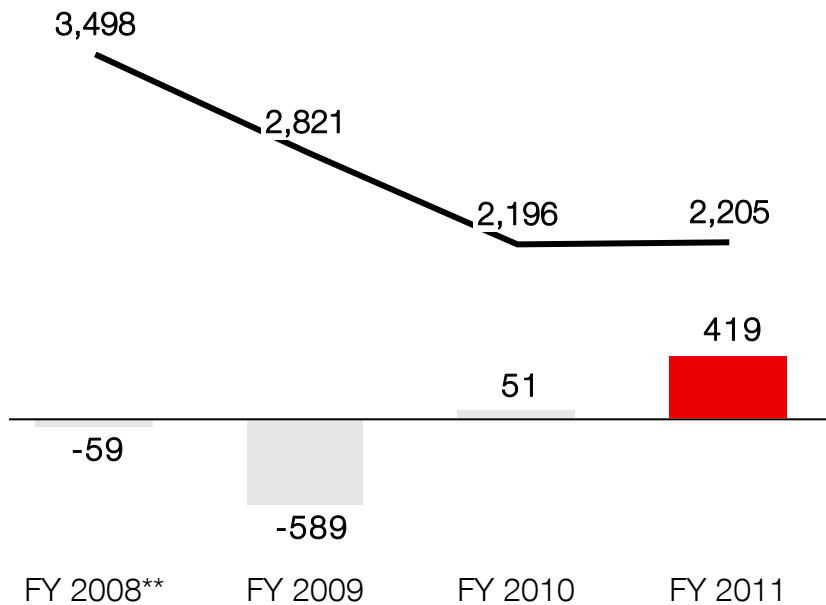


- Only minor impact on EBIT margin

Strong improvement in Return on Net Assets (RONA)*

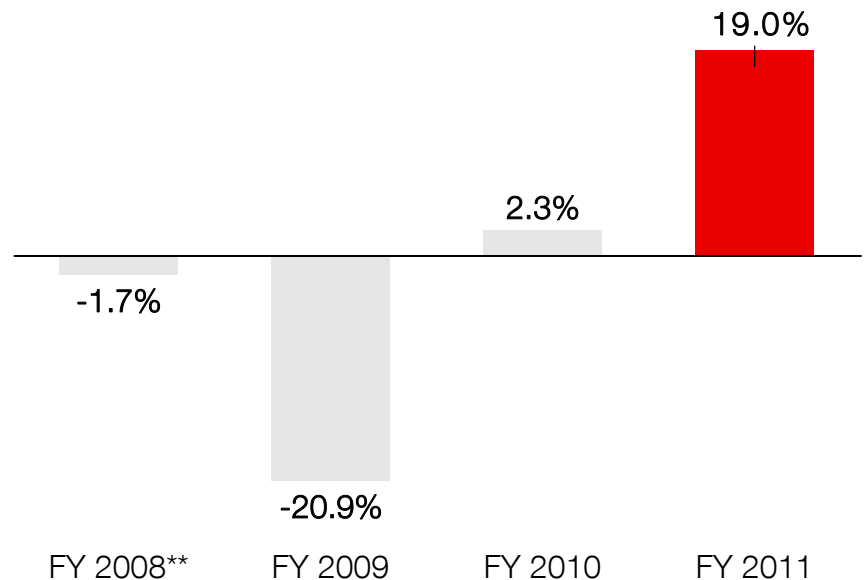
EBIT and Net Operating Assets*

in CHF m



RONA*

in %



- Strong improvement in EBIT and RONA following turn-around in 2010,
- Despite the strong recovery, Net Operating Assets remained stable in 2011
- Stringent asset management and improved profitability led to improved RONA

*Net Operating Assets include goodwill and brands; RONA is defined as EBIT / Net Operating Assets including goodwill and brands

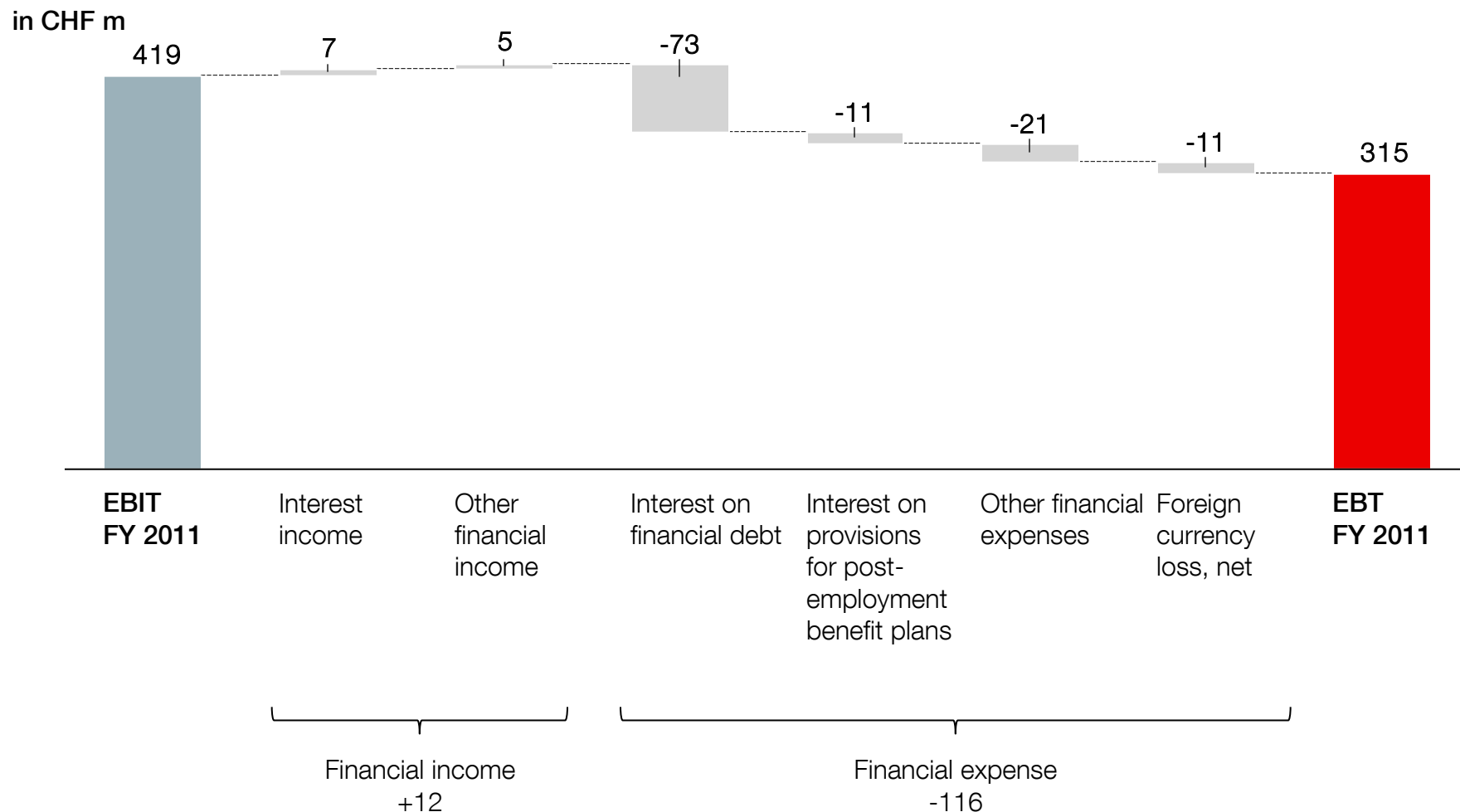
** 2008 restated

Oerlikon increased net profitability



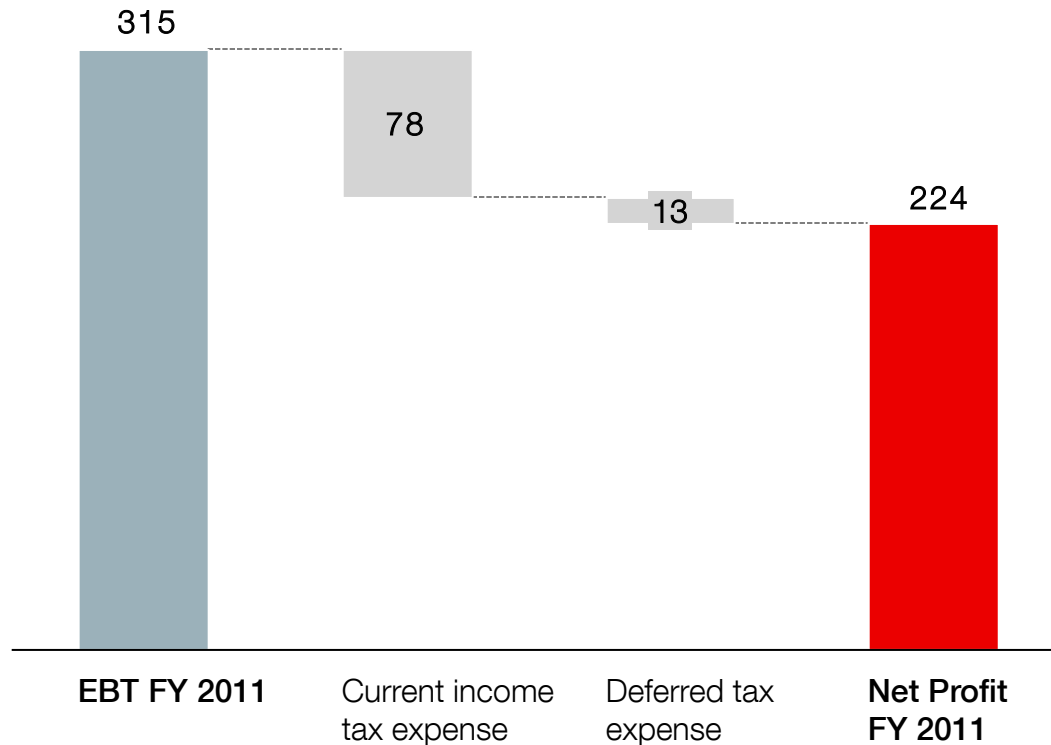
in CHF m	FY 2010	FY 2011	Δ
Result before interests and taxes (EBIT) in % of sales	51 +1 %	419 +10 %	>100 %
Financial result in % of sales	-58	-104	n/a
Result before taxes (EBT) in % of sales	-7 n/a	315 +8 %	n/a
Income taxes in % of EBT	12 n/a	-91 29 %	n/a
Net profit in % of sales	5 0 %	224 5 %	>100 %

Financial Result



Tax Result

in CHF m



- Tax rate of 29 %
- Current income tax due to profitability contribution of most subsidiaries
- Main tax payers in China, India and Germany
- Deferred tax expenses mainly due to utilization of tax loss carry forwards
- Mid-term targeted tax rate of around 30%

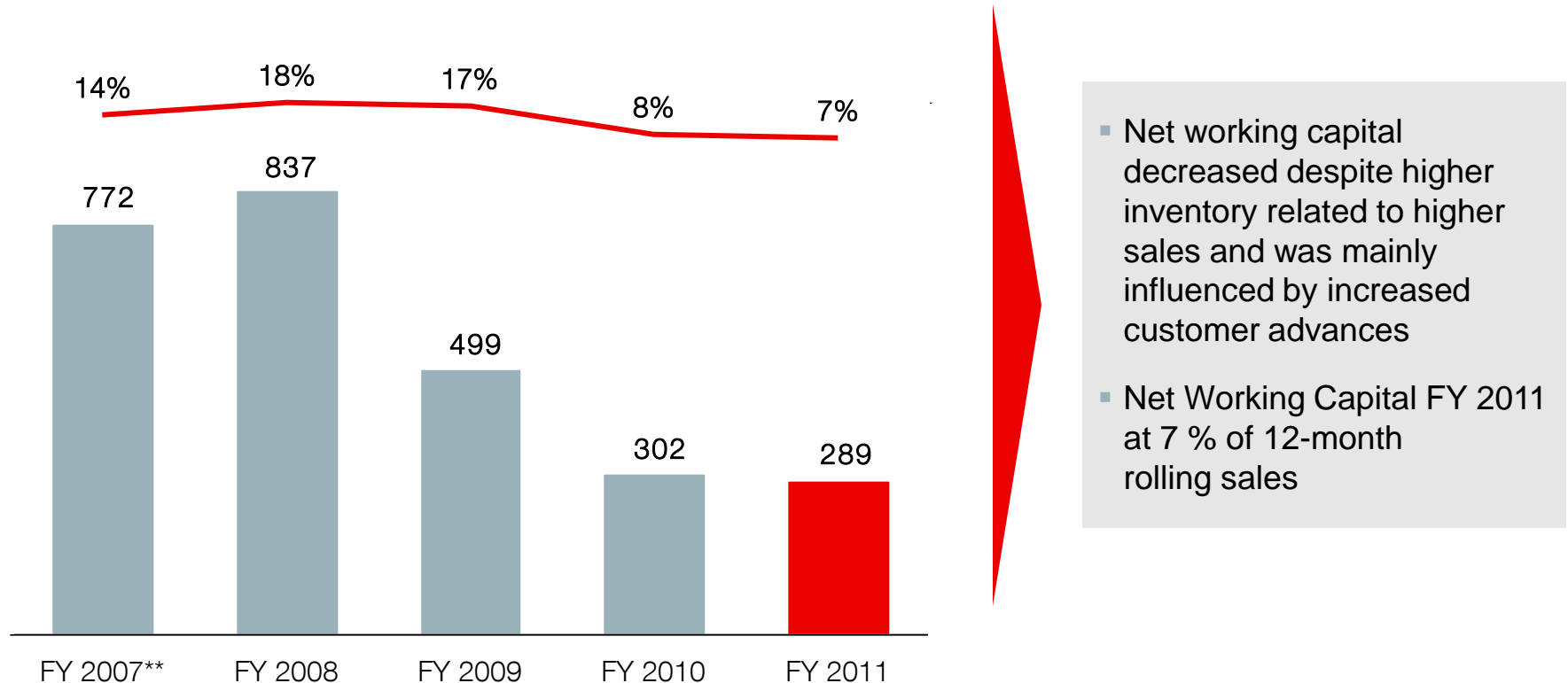
Restoration of solid balance sheet

in CHF m	FY 2010	FY 2011
Cash and cash equivalents	751	742
Trade receivables	588	635
Inventories	468	582
Property, plant and equipment	942	915
Intangible assets	1,293	1,261
Total other assets	433	438
Total assets	4,475	4,573
Trade payables	419	457
Current customer advances	335	471
Current and non-current loans and borrowings	1,078	856
Non-current post-empl. benefit provisions	499	525
Total other liabilities	690	654
Total liabilities	3,021	2,963
Total equity	1,454	1,610
Equity ratio	32%	35%
Net debt	274	86
Gearing ¹⁾	19%	5%

1) Net debt / Equity

Net Working Capital* FY 2007- FY 2011

in % of sales and CHF m



- Net working capital decreased despite higher inventory related to higher sales and was mainly influenced by increased customer advances
- Net Working Capital FY 2011 at 7 % of 12-month rolling sales

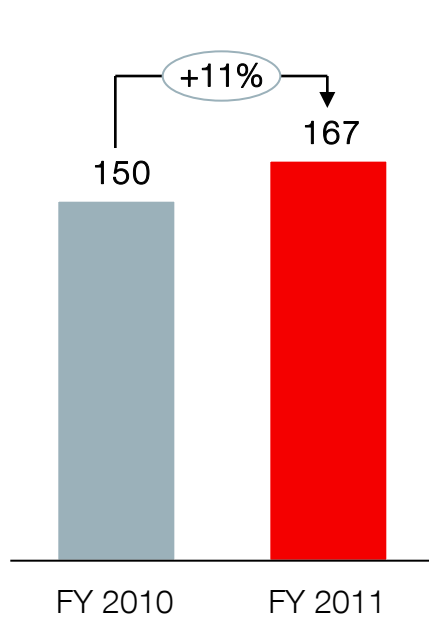
* Net Working Capital is defined as trade receivables + inventories – trade payables – current customer advances

** 2007 restated

CAPEX nearing depreciation level

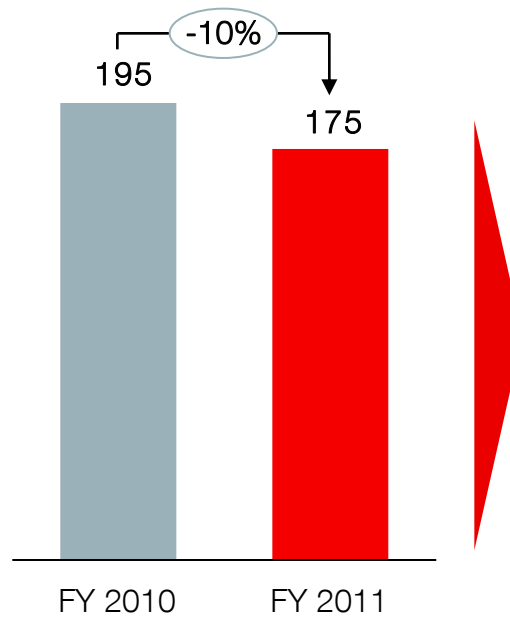
CAPEX

in CHF m

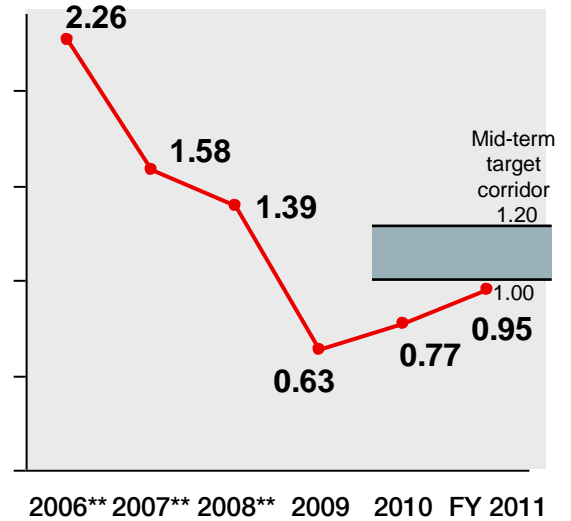


Depreciation & amortization*

in CHF m



CAPEX / depreciation & amortization ratio*



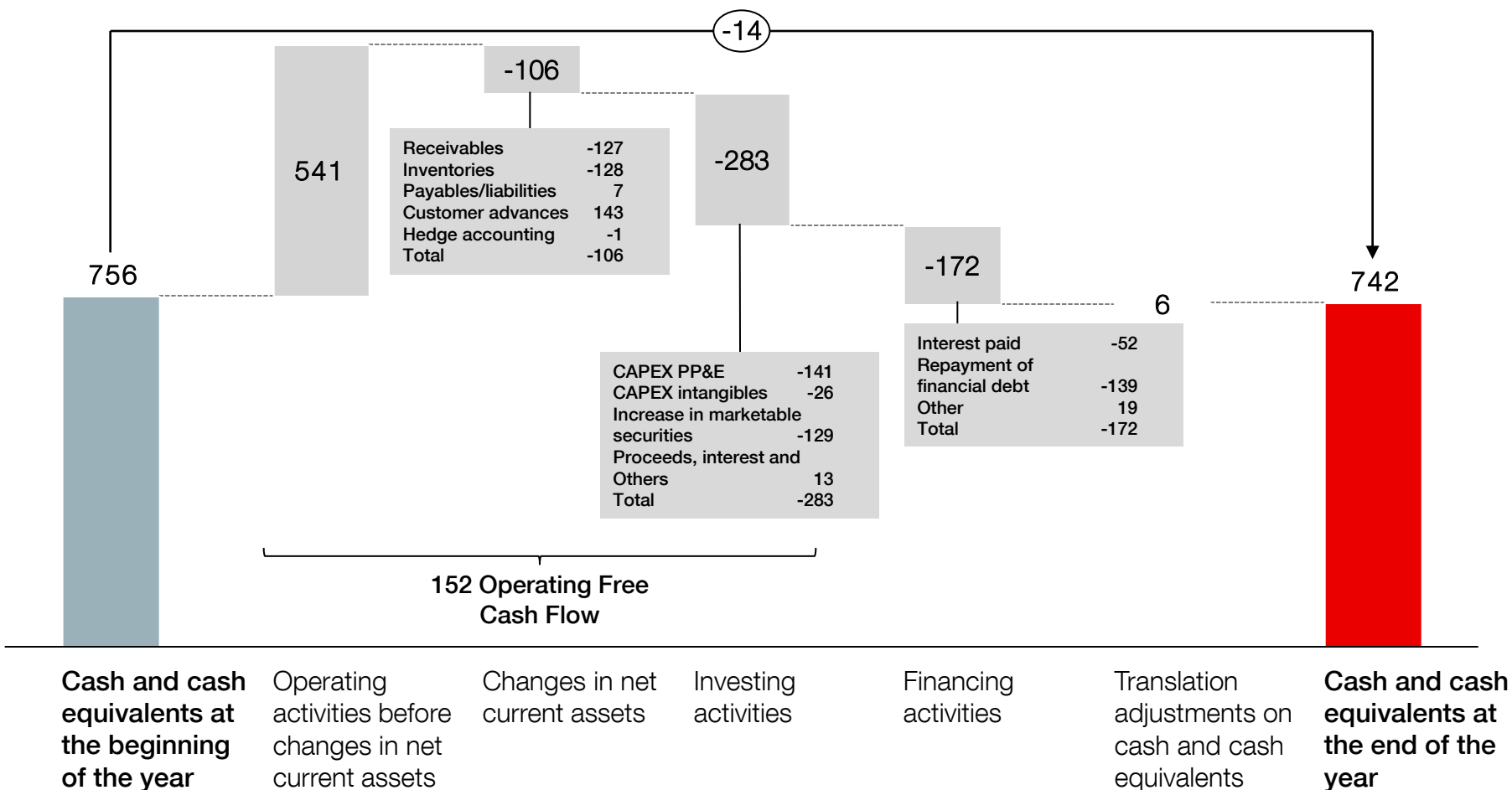
* Excluding impairment

** Restated

Consolidated Cash Flow Statement FY 2011



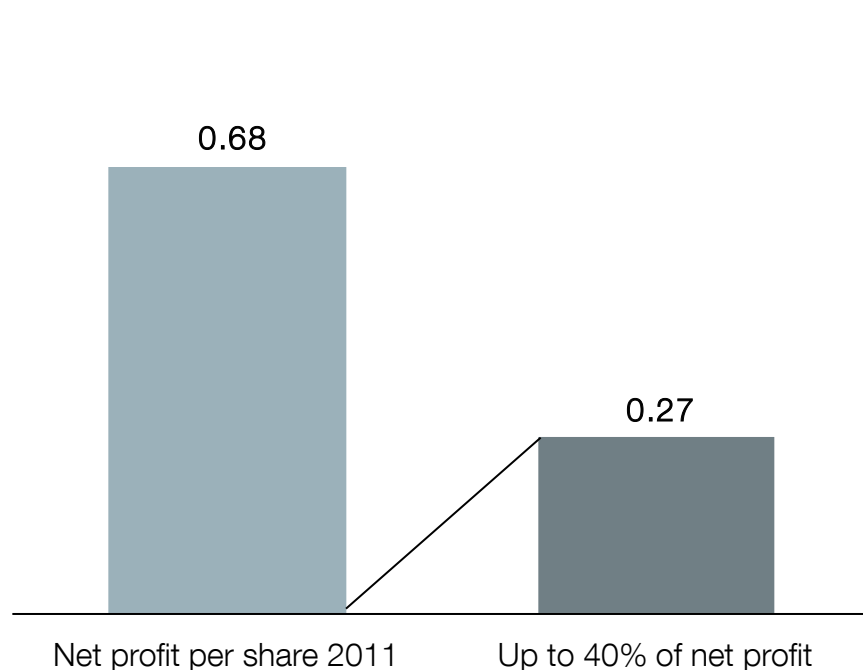
in CHF m



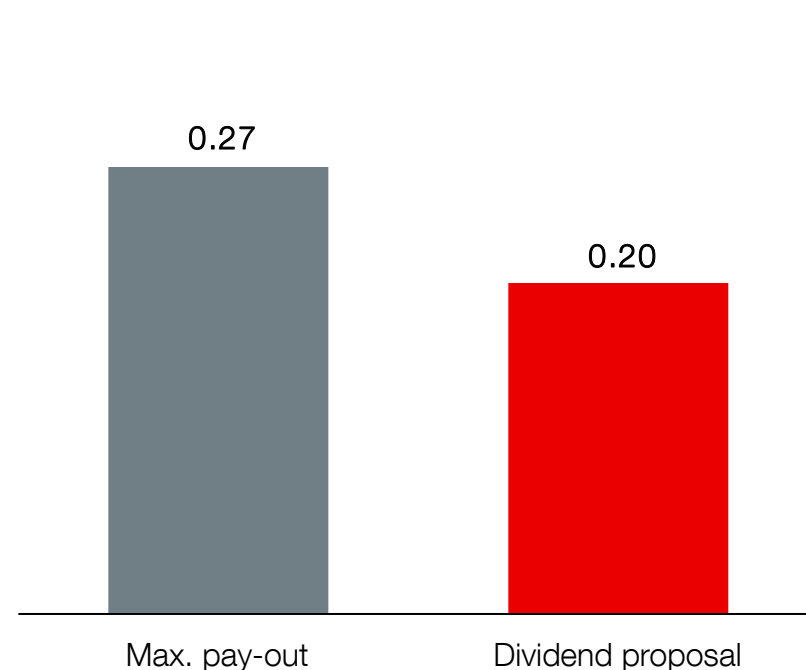
Dividend policy and dividend for 2011

Dividend yield of 4 %

Dividend policy to pay out
up to 40 % of net profit



Proposal to AGM to pay out
CHF 0.20 per share for 2011



- Dividend distributed from the reserve from capital contribution
- Dividend yield of 4 % based on a share price of CHF 5.03 at year-end 2011

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Operational Excellence

- All Segments achieved substantial gains in Operational Excellence
- Improvement in business processes
- Systematic execution of initiatives

Innovation

- Innovation is an integral part of Oerlikon's DNA
- Continued expenditures in R&D: CHF 213 million in 2011
- Focus on long-term customer benefits

Global Footprint

- Taking advantage of growth opportunities around the world
- Sharpened focus on the most important growth markets – China and India
- Penetration of under-represented growth markets (e.g. Brazil, Russia)

Markets

- Focus on structural growth markets
- Trends toward urbanization, a growing middle class and technical advancement are offering opportunities for profitable growth

Oerlikon Drive Systems



Automation in Indian factory replaced manual labor processes

Measures

Modernization of operations, integration of workforce, introduction of lean production

Key achievements

- 30 % higher production output
- 40 % less workforce required
- No lay-offs due to higher demand

Oerlikon Vacuum



Operational Excellence executed by employees

Measures

Teamwork project to identify workplace improvements, workplace organization methodologies

Key achievements

- Manufacturing output up 30 %
- Reduced footprint
- Flow of materials optimized
- Reduction of inventory

Oerlikon Solar



ThinFab: On-time delivery increased to 99%

Measures

Transformation of procurement process

Key achievements

- Reduction of suppliers from 1,700 to little more than 500
- Key supplier approach
- Optimization of supply chain
- Lowered production costs

Key Success Factors – Innovation

R&D expenditures of CHF 213 million in 2011

Oerlikon Textile



Autocoro 8: new rotor-spinning machine presented at ITMA

Innovation core

Individually driven spinning positions with up to 200,000 rpm

Key customer benefits

- Productivity up to 25 % higher
- Up to 480 spinning positions
- Increased flexibility

Future potential

Attracting new customers and markets

Oerlikon Coating



INGENIA with S3P™: the quantum leap in PVD coating

Innovation core

Significantly faster processing time; S3P™ opens unique application possibilities

Key customer benefits

- Up to eight different coating processes per day
- Smooth and dense coatings

Future potential

Entering new applications and markets with PVD technology

Oerlikon Advanced Tech.



HEXAGON: solution for advanced packaging technologies

Innovation core

Transfer of optimized transport concept to demanding 300 mm advanced packaging applications

Key customer benefits

- Two to three times faster
- Simultaneous wafer move
- Half as much floor space

Future potential

Entering new applications and markets

Key Success Factor – Global footprint BRIC region

China



Oerlikon is transforming from an exporter to a local company

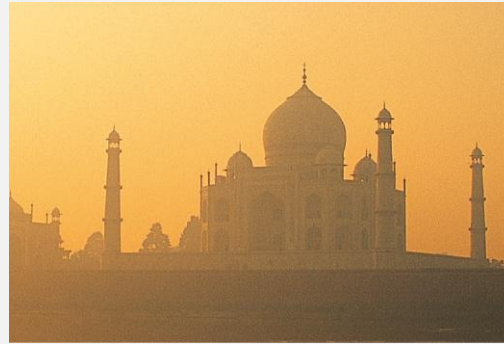
Oerlikon's exposure

2011: 28 % of Group sales, Suzhou is one of the largest locations worldwide

Key initiatives

- Management transferred
- New Drive Systems factory
- Expansion of Vacuum/Coating
- Country representative
- Trainee program for college graduates in Suzhou

India



Expanding in South Asia's largest growth market

Oerlikon's exposure

2011: 10 % of Group sales
Production sites for Coating, Drive Systems (DS)

Key initiatives

- Serving rapidly increasing domestic demand, e.g. Textile
- Country representative
- DS capacity increase
- Coating centers to serve domestic automotive industry

Brazil and Russia



Market intelligence to understand opportunities

Oerlikon's exposure

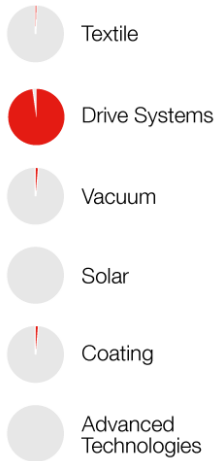
2011: 2–3 % of Group sales in Brazil, 1–2% in Russia

Key initiatives

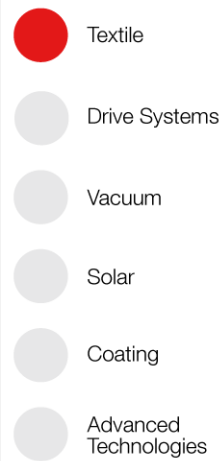
- Developing comprehensive market penetration strategy for Russia and Brazil
- Growth opportunities from infrastructure projects and industrial expansion

Key Success Area – Growth Markets that offer potential for profitable growth

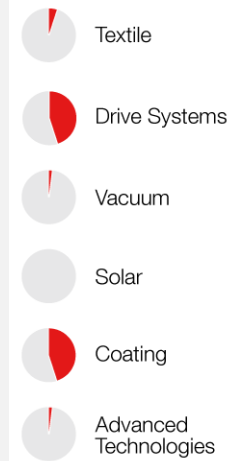
Food



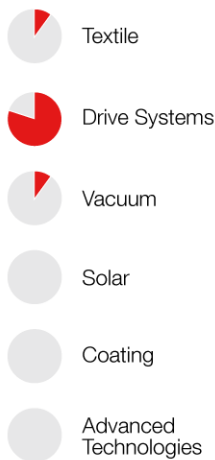
Clothing



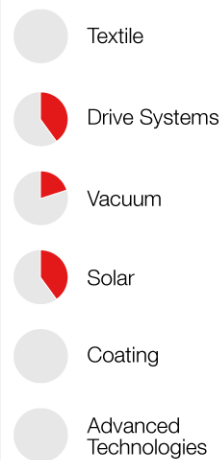
Transportation



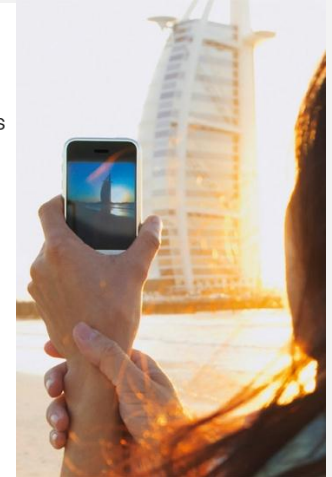
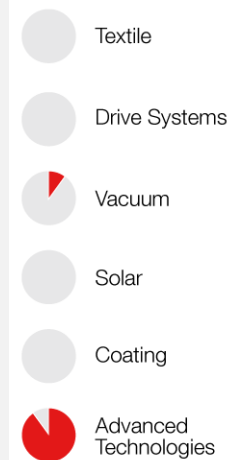
Infrastructure



Energy



Electronics



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Outlook Oerlikon Group 2012

Next reporting: Q1 results on April 30, 2012

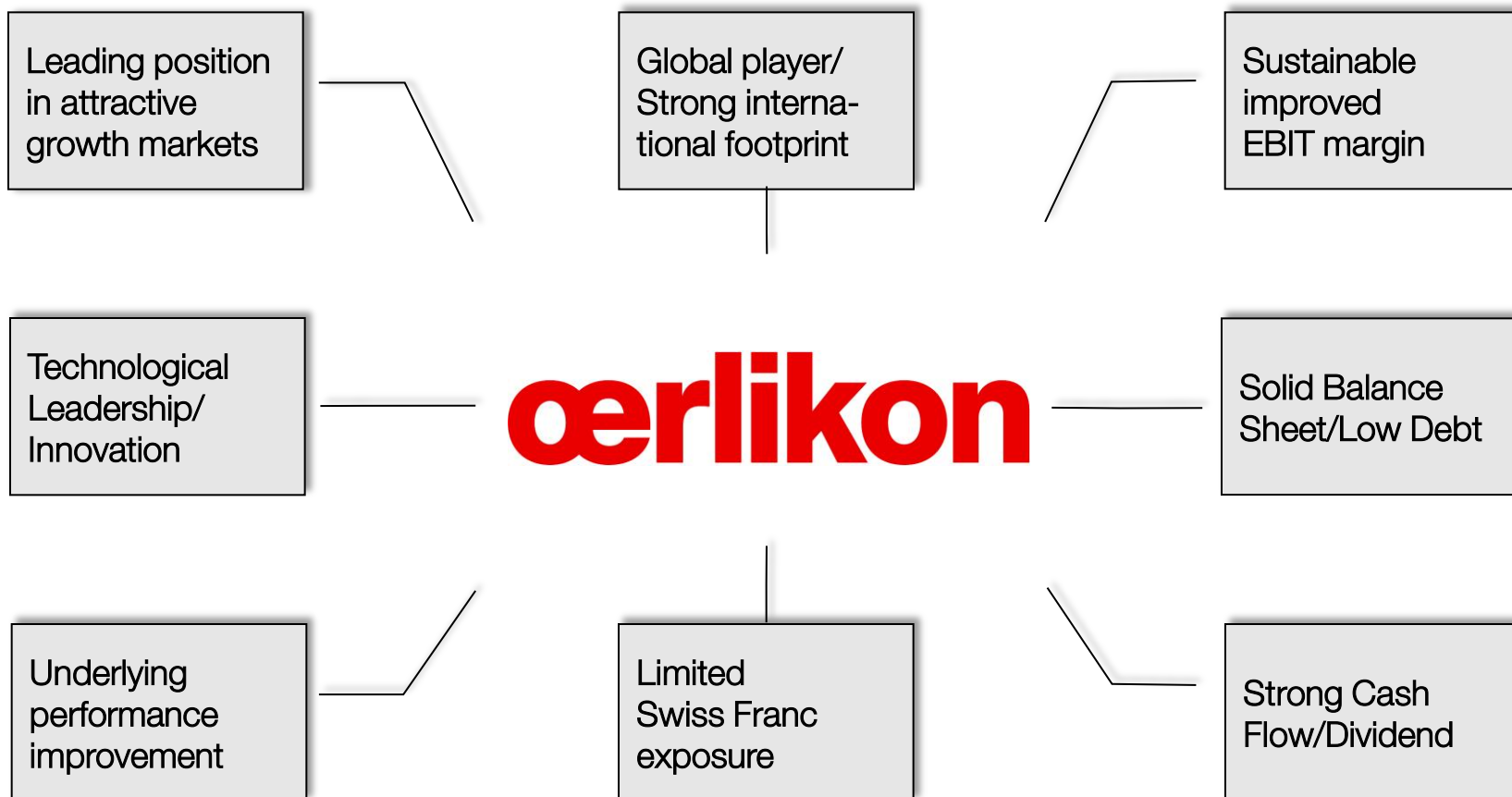
Guidance FY 2012

based on
current currency
exchange rates and
the current economic
environment

- Overall: No recession scenario
- Assumption: Successful closing of the divestment from Solar Segment
- Sales and Order Intake: Decline of up to 5 %
- EBIT: Increase to around 11 %

Continued focus on Operational Excellence – Key markets are predicted to remain intact at healthy levels

Summary



THANK YOU.

innovation
has a name
aerlikon

**on a
new level**

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Tagline

**innovation
has a name**
oerlikon

Vision

Vision

Oerlikon creates innovative industrial solutions for a better life.



Mission

Mission

Oerlikon strives to be your most reliable business partner, worldwide.

We increase value through high-quality innovative industrial solutions, continuously.

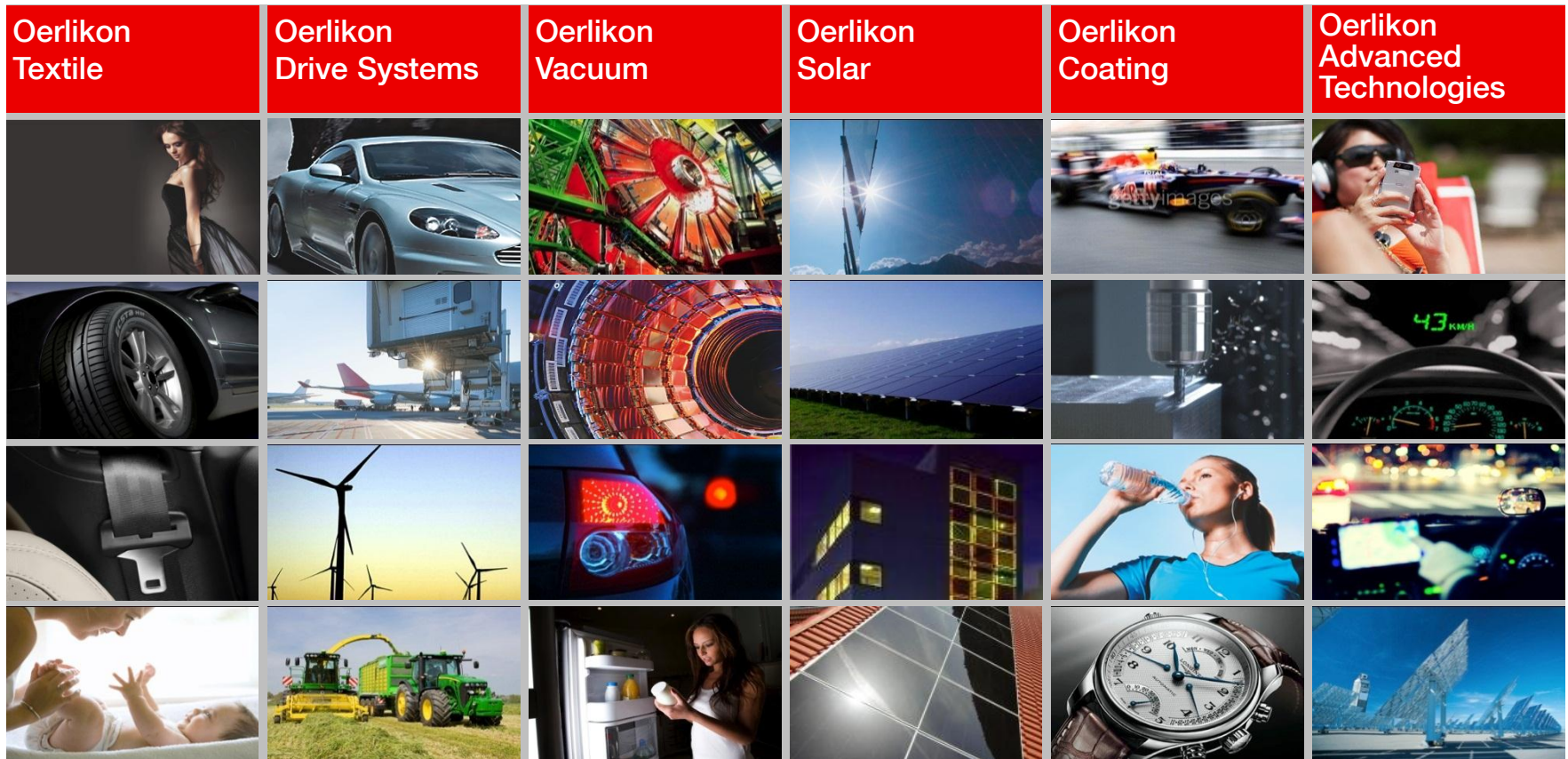
We engage highly qualified professionals.

Our commitment is your success!



The Oerlikon Business Portfolio serves customers in a broad variety of growing markets

- Innovative technology conglomerate with more than 17,000 employees at over 150 locations in 38 countries
- High-quality businesses with leading market positions in global markets
- Innovation is at the core of the business model across all Segments



Oerlikon Customer Base (Selection)

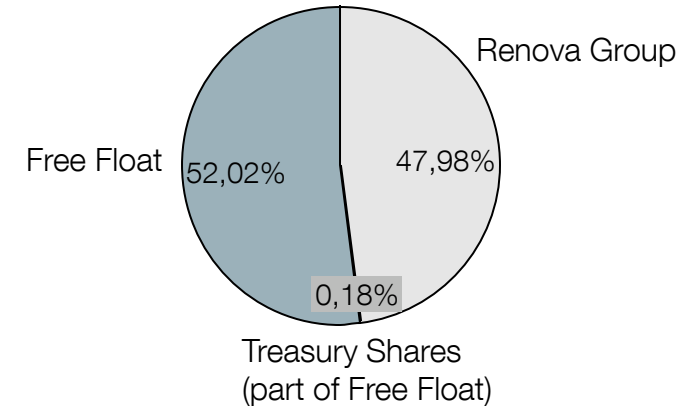
- Preferred technology supplier to technology leaders in their respective industries
- Global customer base and world leading brand names
- Strong long-term customer relationships



Oerlikon Shares

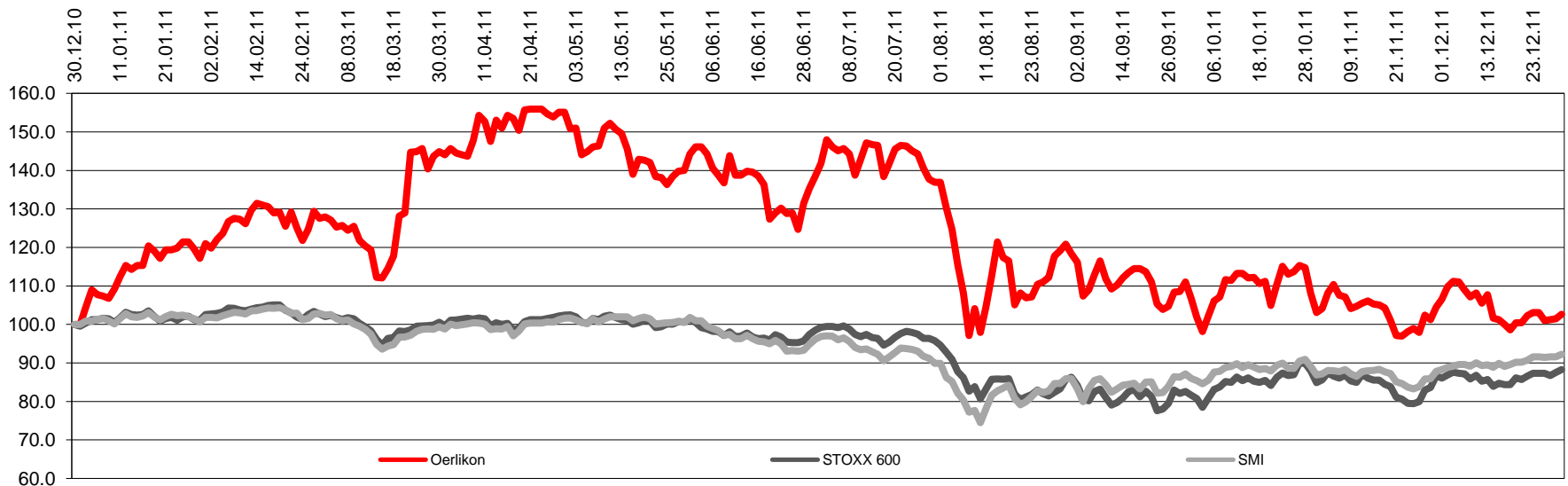
- Listed at the Swiss Exchange (SIX) since 1975
- Securities symbol: OERL
- Securities number 81 682
- ISIN: CH0000816824
- No. of shares outstanding: 323 124 010 shares

Oerlikon Shareholder Structure



Oerlikon Share Price Development

As of December 31, 2011, Indexed; 100 percent = Closing price per December 31, 2010



Coverage – 5 Buy/Accumulate 3 Hold/Marketweight – 1 Underperform

Broker (as of March 02, 2012)	Analyst	Recommendation	Date of last update	Target Price
AlphaValue	Pierre-Yves Gauthier	Buy	28.10.2011	8.57
Bank am Bellevue	Michael Studer	Hold	01.03.2012	6.60
Bank Vontobel	Michael Foeth	Buy	21.02.2012	8.00
Credit Suisse	Patrick Laager	Underperform	01.03.2012	5.10
Helvea SA	Reto Amstalden	Accumulate	01.03.2012	8.50
Kepler CM	Christoph Ladner	Hold	01.03.2012	7.80
Main First Bank	Thomas Baumann	Buy	24.02.2012	7.30
UBS	Thorsten Wyss	Buy	01.03.2012	8.50
Zürcher Kantonalbank	Armin Rechberger	Marketweight	27.02.2012	-
CONSENSUS				7.55

March 5, 2012

FY Results 2011 and publication of Annual Report 2011
- Media & Analyst Conference, Zurich

April 12, 2012

Annual General Meeting of Shareholders
- Lucerne

April 30, 2012

Q1 results
- Analyst Conference Call

August 3, 2012

Q2 results and publication of Interim Report 2012
- Media & Analyst Conference, Zurich

October 30, 2012

Q3 results
- Analyst Conference Call

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