

Shaping the Portfolio

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Jürg Fedier, CFO

Annual Media and Analyst Conference

March 5, 2013



Agenda



- 1** Business Review 2012
- 2 Financial Year 2012 Results
- 3 Outlook
- 4 Appendix

OPERATIONAL AND STRATEGIC TRANSFORMATION 2012

Balanced portfolio

- Divestment of Solar Segment and Textile BUs (Natural Fibers / Textile Components)
- Disposal of non-operating assets
- Strong composition with less cyclicality

Record EBIT margin

- Reported EBIT margin at 14.5 %
- Excluding one-offs, EBIT margin at 13.2 % (property sale in Arbon)
- Focus on operational excellence

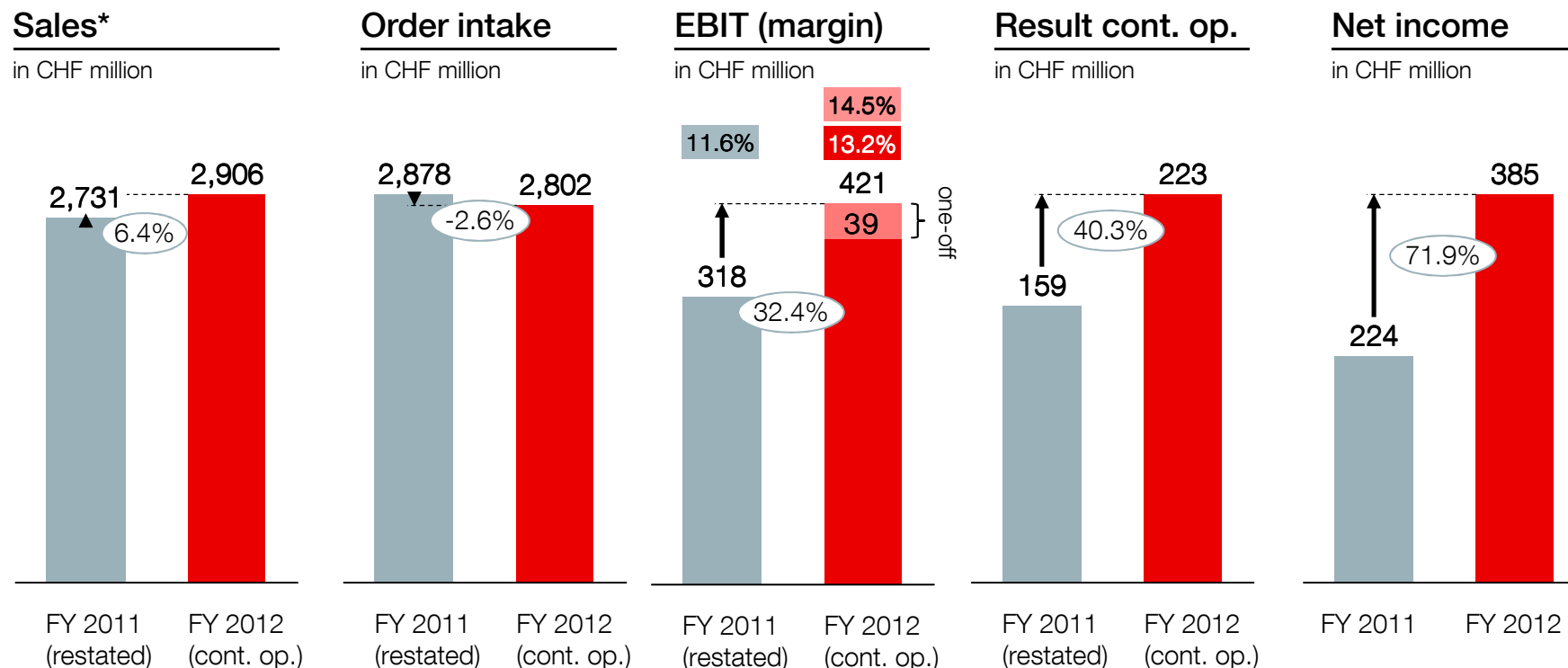
Net cash positive

- Net liquidity for the first time in six years
- Operational performance and cash proceeds from divestments
- Successful refinancing

Increased dividend

- Underlying performance allows 25 % dividend increase to CHF 0.25 per share
- Disciplined use of cash in line with Oerlikon's dividend policy

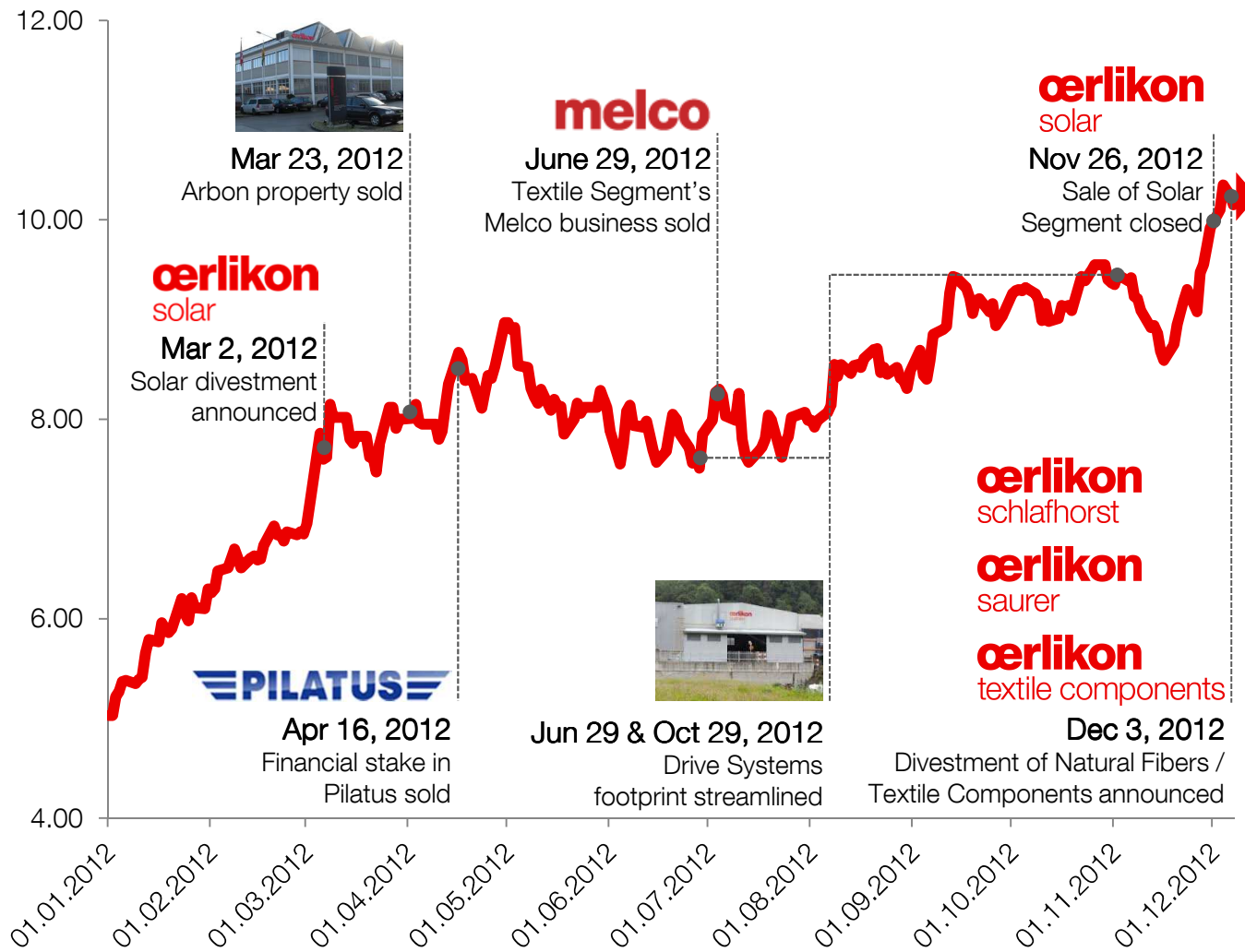
Strong improvement of profitability in 2012 – Sales growth in challenging environment



- With a reported EBIT margin of 14.5 %, Oerlikon further increased high profitability
- Strong margin improvement in Textile and Drive Systems, Coating continued at Best-in-Class level
- Currency impact immaterial
- 14 % sales growth in Asia overall (China +21 %)
- Execution of operational excellence programs and portfolio adjustments

* Sales to third parties

Oerlikon Portfolio – Shaping the portfolio to reduce volatility



Oerlikon

Textile

oerlikon
barmag

oerlikon
neumag

Drive Systems

oerlikon
fairfield

oerlikon
graziano

VOCIS

Vacuum

oerlikon
leybold vacuum

Coating

oerlikon
balzers

Advanced Technologies

oerlikon
systems

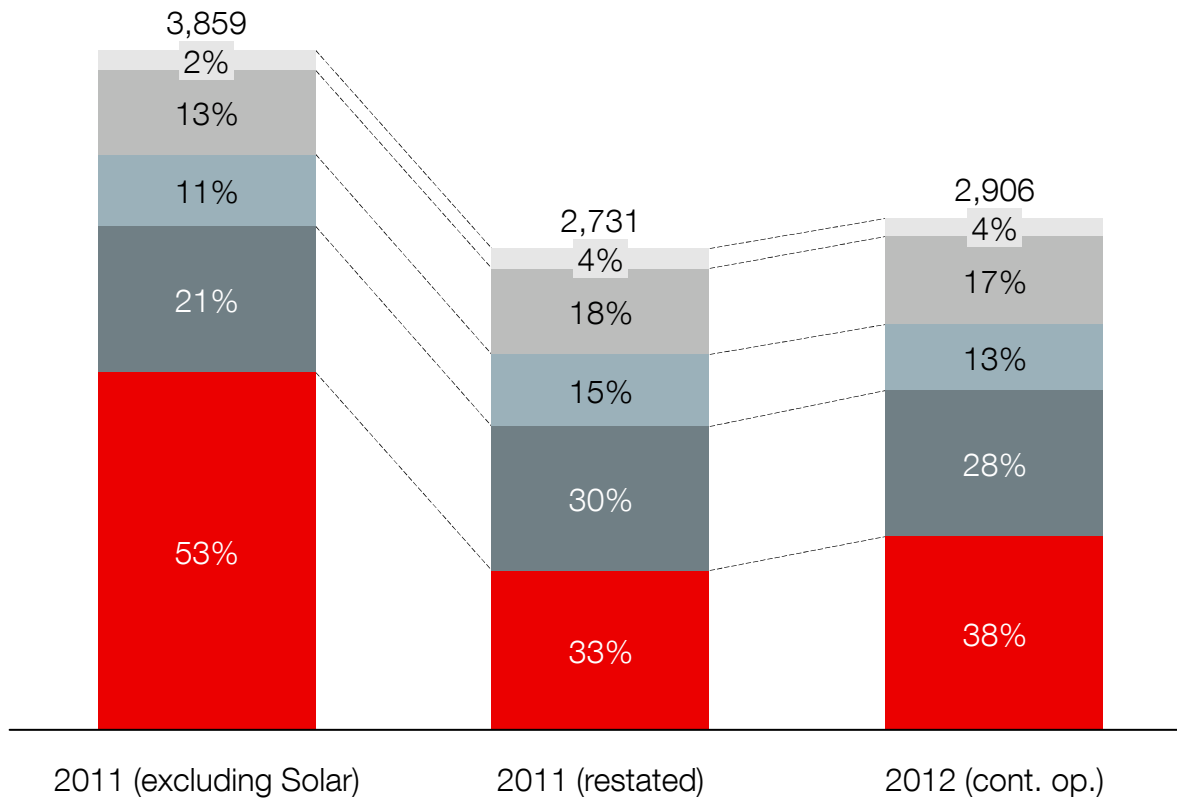
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Shaping the Oerlikon Portfolio – More balanced Segment sales

Segment sales 2012 vs. 2011*

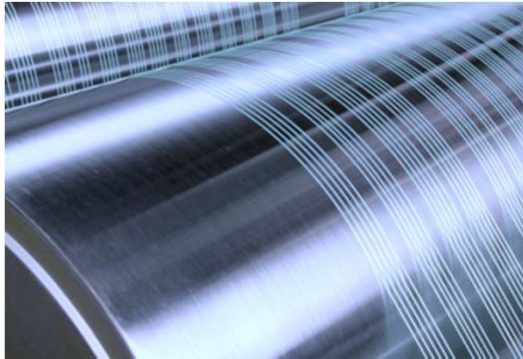
in CHF million



- Divestment of Natural Fibers and Textile Components BUs reduces overall Textile exposure
- Textile share down from 53 % to 38 % of Oerlikon Group total
- Portfolio balancing will continue

Adv. Techn.
 Coating
 Vacuum
 Drive Systems
 Textile

* Sales to third parties



Market 2012

- Focus on manmade fibers market
- Market and technology leader
- Ongoing strong demand from long-term oriented customer base predominantly in China
- First orders for 2015 already received

Textile

Strategic position:

- High-performing manmade fiber business (high profitable growth potential, less cyclicity)
- High-end process equipment
- Growing end markets (e.g. construction, automotive)

Highlights 2012

- Melco and Arbon property sale completed, divestments of Business Units (announced)
- ITMA Asia 2012 with strong focus on «e-save»
- More than 10 000 WINGS systems sold

Outlook 2013

- Natural Fibers/Textile Components closing expected in Q2 2013 (subject to regulatory approval)
- Strong order intake; some softness in sales
- Lower reported profitability due to temporary impact from divestment; operating profitability stable



Market 2012

- Key markets such as agriculture and construction around the world slowed in H2 2012
- Initiatives to address domestic markets in China and India

Drive Systems

Strategic position:

- Niche applications with limited exposure to more commoditized gear component market
- Focus on difficult-to-produce, high-performance products in high-end applications
- Expand in high-growth segments such as energy and on-/off-highway market

Highlights 2012

- Expansion of production facility in India and ramp-up in China
- Streamlining of European production network
- New Segment CEO based in India
- Innovation in mining and electric vehicles applications

Outlook 2013

- Market environment expected to remain difficult especially in H1 with upside potential in H2
- Increase in order intake based on H2 potential
- Sales to decline slightly
- Profitability transiently impacted with potential in the future based on operational excellence



Market 2012

- Overall weaker market demand, e.g.:
 - Process industry and solar business
 - Lighting market in China
- Asia, Europe and North America with slowed business development

Vacuum

Strategic position:

- Vacuum solutions for process industry, solar/coating and R&D/analytics with limited exposure to semiconductor market
- Modularization of product offering and streamlining of production process

Highlights 2012

- New vacuum solution for steel degassing
- Support CERN in finding Higgs-Boson
- Construction of new Cologne logistic center begun
- Strategic realignment under new Segment CEO

Outlook 2013

- Increasingly challenging market environment in process and analytics industries
- Increasing order intake and sales due to new products/solutions and increasing capacities in Asia
- Improving profitability due to operational excellence initiatives



Market 2012

- Continued growth in precision components
- Strong growth in Germany, the United States and Japan
- Pace of growth slowed in automotive business

Coating

Strategic position:

- Undisputed technology and market leader in PVD
- Expansion of components business
- Automotive industry represents around 40 % (direct and indirect)
- Extension of product offer to new coatings and services

Highlights 2012

- Expansion of global presence with new coating centers in Malaysia, India and China
- 90 centers worldwide (31 in Asia)
- Industrialization of S3p™ and ePD™

Outlook 2013

- Modest sales growth
- Continued high level of profitability



Market 2012

- Global semiconductor market declined
- Growth in solutions for mobile devices and energy-efficient solutions
- Regionally, demand fell in Europe and North America offsetting 20 % growth in Asia

Advanced Technologies

Strategic position:

- High growth and high-value added applications in clean technology, semiconductors and mobile device markets
- Incubator for new technologies and applications predominantly in deposition technology

Highlights 2012

- Solaris and Hexagon systems qualified
- 100 % supplier On Time Delivery (ODT) achieved
- Optical storage business discontinued

Outlook 2013

- Order intake improvement
- Strong sales growth
- Further investment for profitable growth

Operational Excellence – Basis for improvement of underlying performance



Procurement & Production

- Significant improvement of supplier On Time Delivery (OTD) to more than 99 %
- Reduced Group-wide procurement costs due to cross-Segment coordination
- Reduced production costs due to:
 - Optimization/realignment of manufacturing footprint
 - Improvement in production processes

Products & Innovations

- Platform strategies (i.e. in Textile and Vacuum)
- Continued investment in R&D to deliver innovations
- Sustained innovation is crucial to:
 - Meet and exceed customer expectations
 - Create competitive advantage for customers by supplying more efficient, cost-effective and environmentally friendly solutions

Innovations – CHF 106 million R&D expenditures in 2012

Textile



- Spinning machine for long chemical fibers (polyester) used in carpet applications
- High process speed and very stable and robust spinning performance (99 %)

Drive Systems



- Linear actuator which expands the range of transmission housings for ship cranes and service platforms in the offshore energy sector
- Faster jacking operation and higher frequency usage

Vacuum



- Poured steel undergoes a further stage of processing called steel degassing in which a vacuum pump absorbs gases from the liquid metal to increase strength
- Energy savings of up to 30 % compared to alternative steel processing methods

Coating



- Coating technology for the surface treatment of large forming tools to protect against abrasion and increase efficiency
- Environmentally friendly and less expensive alternative to the chrome-plating process

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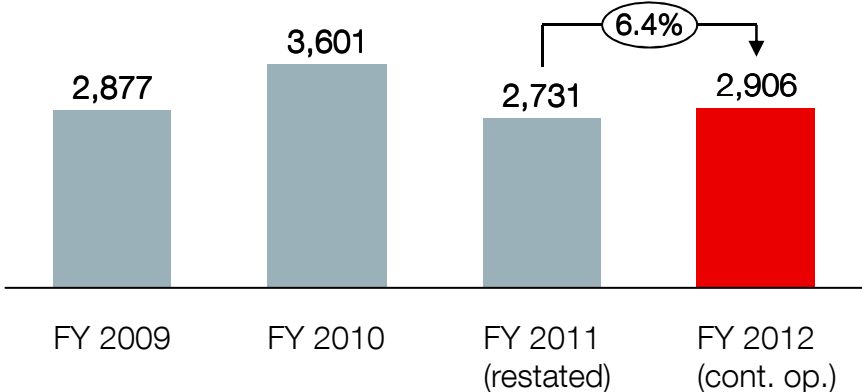
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Shaping the Portfolio / Operational Excellence



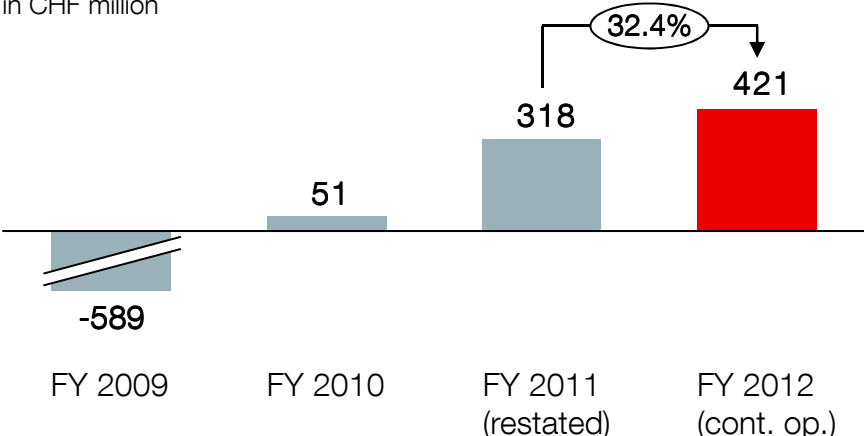
Sales* FY 2009 – FY 2012

in CHF million



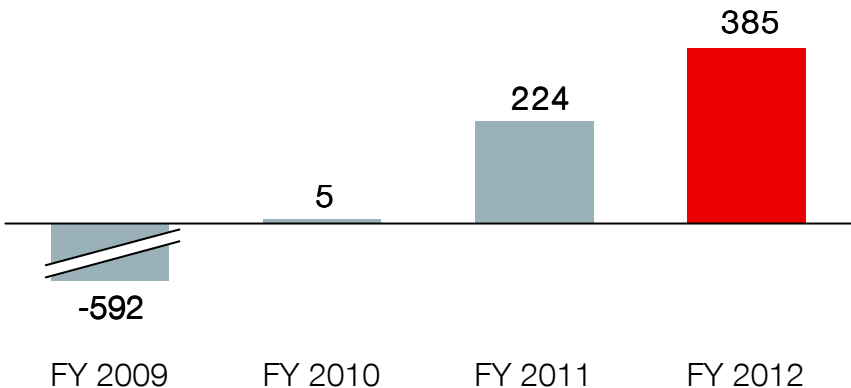
EBIT FY 2009 – FY 2012

in CHF million



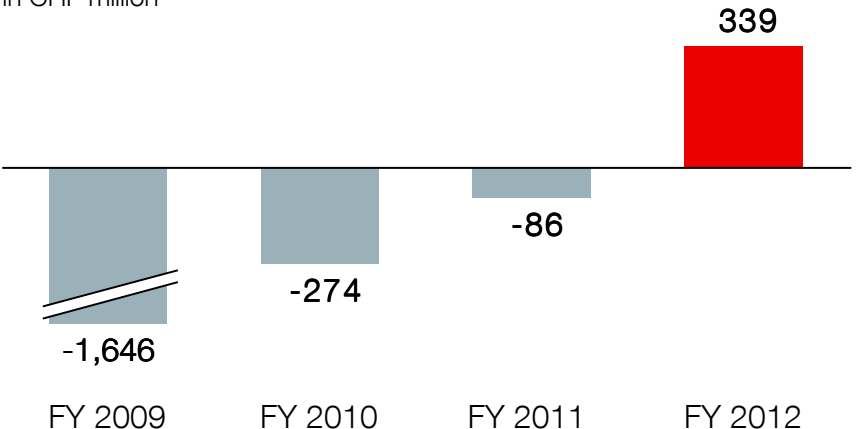
Net income/loss FY 2009 – FY 2012

in CHF million



Net liquidity FY 2009 – FY 2012

in CHF million



* Sales to third parties

Shaping the Portfolio

Impact on 2012 accounts

Divestments

- Deconsolidation of divested Solar Segment as of closing (Nov. 26, 2012)
 - Deconsolidation in balance sheet (CHF -84 Mio.)
 - Result in discontinued operations (CHF 108 Mio.)
- BUs Natural Fibers and Textile Components as discontinued operations in the amount of CHF 54 Mio.

One-time effects

EBIT:

- Textile Segment: Sale of Arbon property
 - CHF 39 million EBIT
- Drive Systems: Sale of production sites (Garessio and Porretta)
 - Neutral on EBIT

Financing result:

- Divestment of Pilatus Flugzeugwerke AG
 - Positive impact on the financial result
- Group refinancing
 - Negative impact on financial result of CHF 47 Mio. (early repayment/new financing structure)

Tax result:

- Group refinancing
 - Negative impact on tax rate

Key figures Oerlikon Group FY 2012



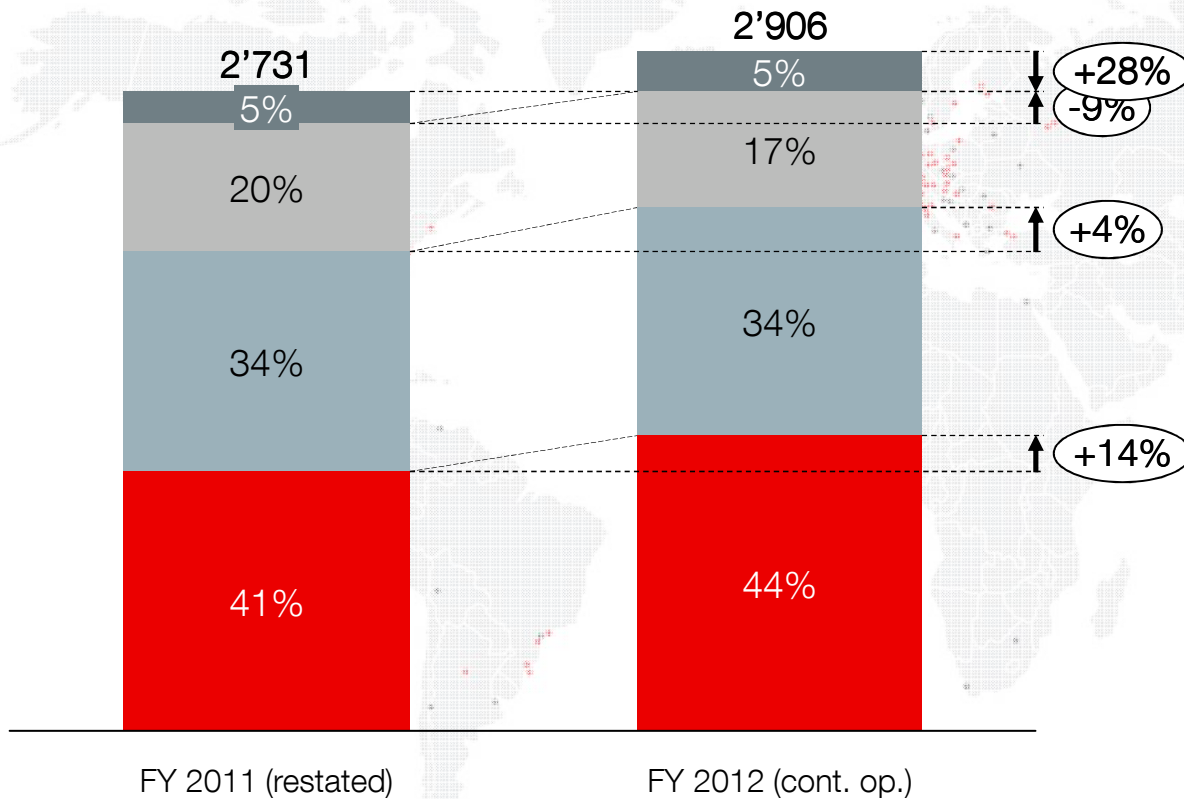
in CHF million	FY 2012	FY 2011	Δ
Order intake	2 802	2 878	-2.6 %
Order backlog	834	971	-14.1 %
Sales*	2 906	2 731	+6.4 %
EBITDA % of sales	547 18.8 %	450 16.5 %	+21.6 %
EBIT % of sales	421 14.5 %	318 11.6 %	+32.4 %
Result from continuing operations % of sales	223 7.7 %	159 5.8 %	+40.3 %
Net income % of sales	385 13.2 %	224 8.2 %	+71.9 %
EPS	1.18	0.68	+73.5 %
Cash flow from operating activities	506	438	+15.5 %
Net operating assets (incl. goodwill and brands)	1 575	2 205	-28.6 %

* Sales to third parties

Sales by region

Regional sales split 2011-2012*

in CHF million



- Oerlikon benefits from growth opportunities worldwide
- Asian markets were up 14 % (China up 21 %)
- BRIC opportunities should create better balance of geographical diversification

RoW
 North America
 Europe
 Asia / Pacific

* Sales to third parties

Key figures by Segment FY 2012



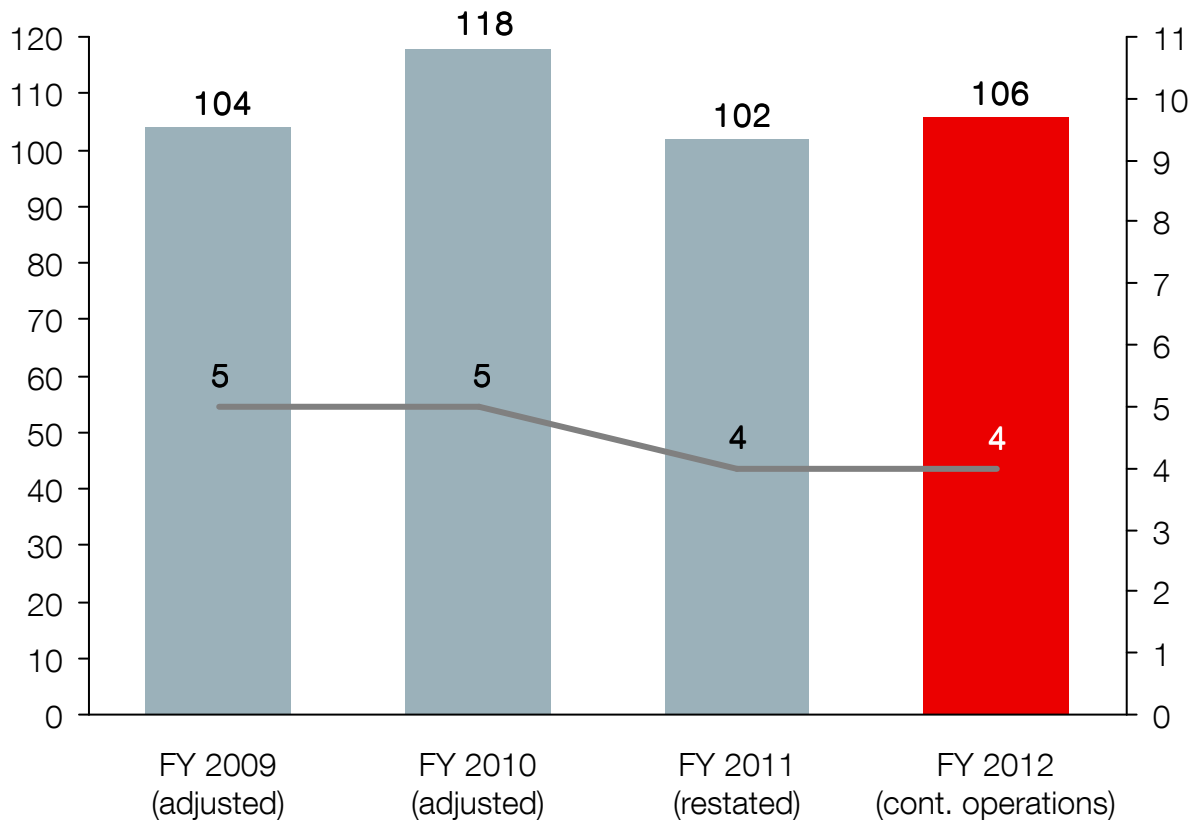
in CHF million	Textile	Drive	Vacuum	Coating	Adv. Tech.
Order intake Δ to 2011	1 039 +2 %	766 -14 %	377 -6 %	501 +4 %	119 +35 %
Order backlog Δ to 2011	602 -11 %	134 -37 %	73 -5 %	-	25 >100 %
Sales* Δ to 2011	1 103 +21 %	826 +1 %	373 -9 %	501 +4 %	103 -5 %
EBITDA Δ to 2011	209 >100 %	111 +18 %	52 -28 %	145 +3 %	11 -21 %
EBITDA margin** Δ to 2011	18.9 % +8.2 %pts	13.4 % +2.0 %pts	13.9 % -3.7 %pts	28.9 % -0.2 %pts	10.7 % -2.3 %pts
EBIT Δ to 2011	186 >100 %	70 +43 %	38 -35 %	103 +6 %	7 -36 %
EBIT margin** Δ to 2011	17.0 % +9.0 %pts	8.5 % +2.5 %pts	10.2 % -3.7 %pts	20.5 % +0.4 %pts	6.6 % -3.7 %pts
Net op. assets	31 -95 %	959 +2 %	179 +8 %	332 +10 %	87 +6 %
No. of employees	2 511 +5 %	5 177 -5 %	1 491 +1 %	3 126 +5 %	188 -6 %

* Sales to third parties; ** as % of sales

Constant range of investments in R&D

Investments in R&D (expenditure) in the range of 4-5 % of sales

in CHF million / as % of sales

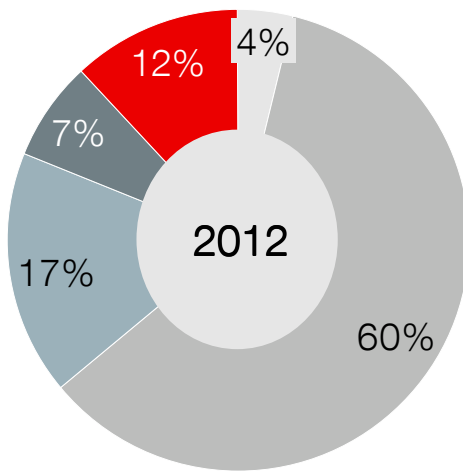


- R&D essential to secure technological leadership
- Constant range of 4–5 % of sales following the divestments
- 4 % increase in R&D expenditures in 2012
- Coating and Textile followed by Vacuum and Drive Systems

Currency mix with strong natural hedge – Limited Swiss franc exposure

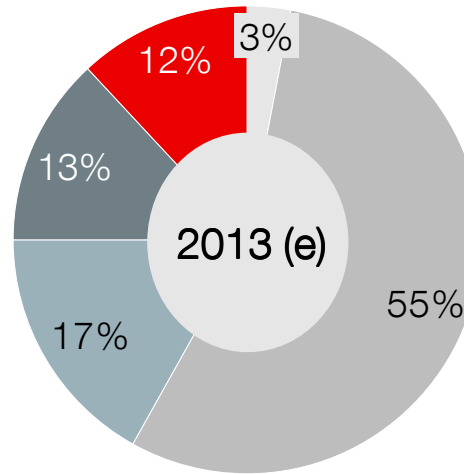
Currency exposure 2012

in %



Currency exposure 2013 (e)

in %



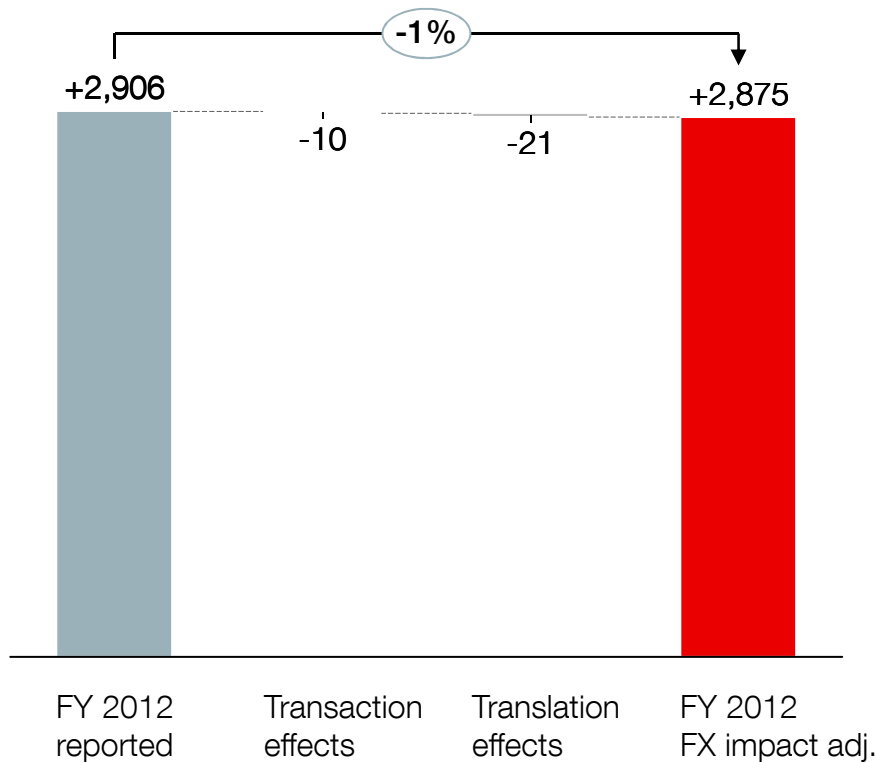
- No major currency mismatch between sales, COGS and overhead costs – natural hedge
- Solar divestment reduced Swiss franc exposure in 2012
- Limited transaction risk
- Translation effects from reporting currency Swiss francs
- Growth in China will increase RMB proportion

FX impact on Sales, EBIT and EBIT margin



Oerlikon Group Sales* FY 2012

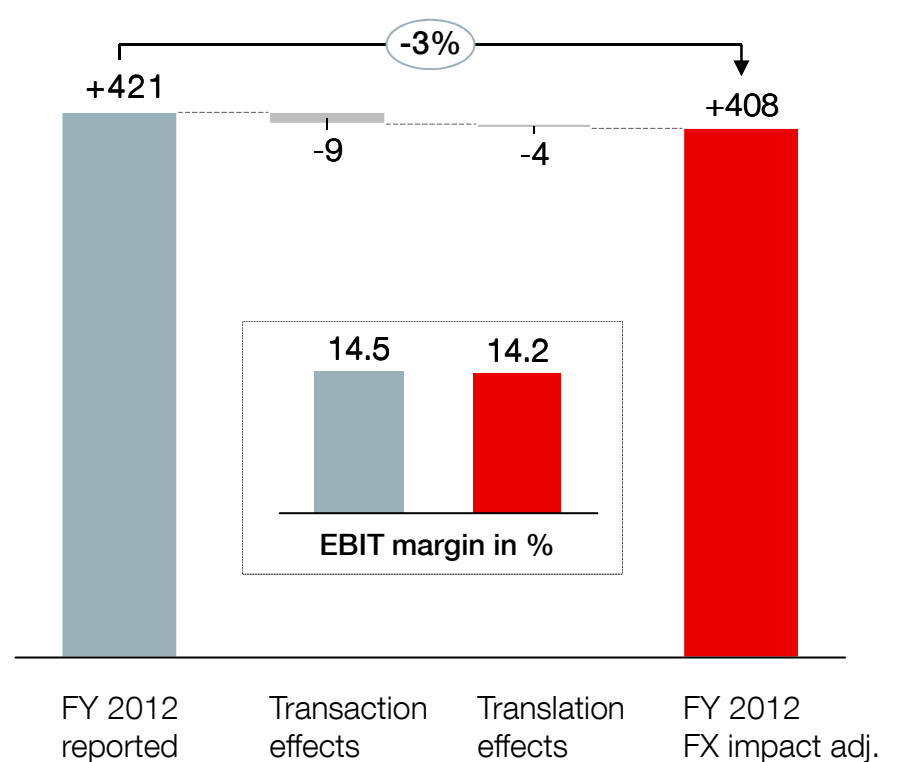
in CHF million



- 5 % growth normalized for currency impact compared to restated FY 2011 (CHF 2 731 million)

Oerlikon Group EBIT FY 2012

in CHF million



- Only minor impact on EBIT margin

* Sales to third parties

Oerlikon increased net profitability

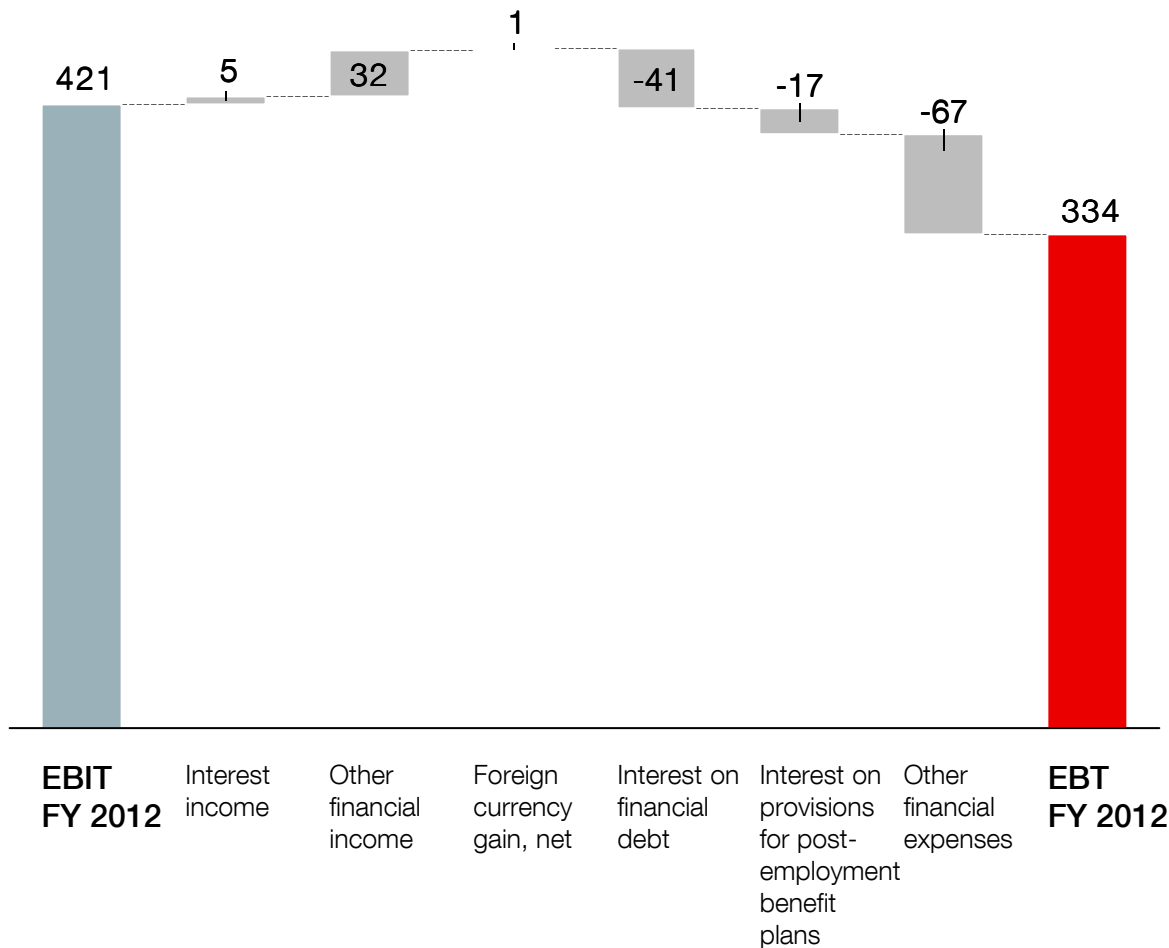


in CHF million	FY 2012	FY 2011	Δ
Result before interest and taxes (EBIT) in % of sales	421 14.5 %	318 11.6 %	+32.4 %
Financial result in % of sales	-87 3.0 %	-95 3.5 %	-8.4 %
Result before taxes (EBT) in % of sales	334 11.5 %	223 8.2 %	+49.8 %
Income taxes in % of EBT	-111 33.2 %	-64 28.7 %	+73.4 %
Result from continuing operations in % of sales	223 7.7 %	159 5.8 %	+40.3 %
Result from discontinued operations in % of sales	162 5.6 %	65 2.4 %	>100 %
Net income in % of sales	385 13.2 %	224 8.2 %	+71.9 %

Financial result – Impacts from refinancing and divestments

Financial result bridge 2012

in CHF million



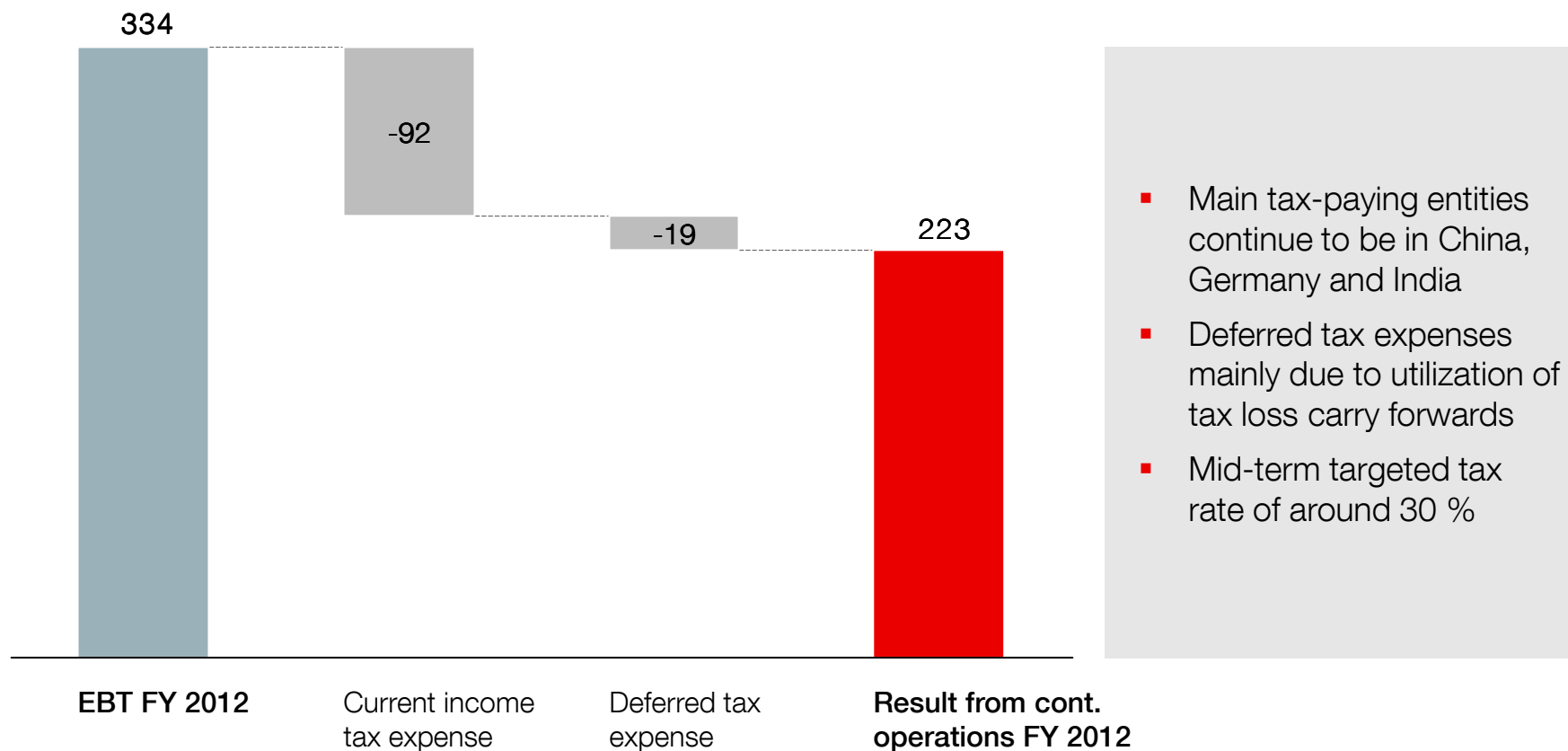
- Other financial income mainly driven by the gain on the sale of Pilatus Flugzeugwerke AG shares
- Other financial expenses include one-time charges amounting to CHF 47 million in connection with the replacement of the old Syndicated Credit Facility

Tax rate FY 2012 of 33 %



Tax result FY 2012

in CHF million



Refinancing completed in 2012



Financing instruments

- Diversification of financing instruments in 2012
- New credit facility (CHF 700 million)
- Swiss Bond issued (CHF 300 million)
- Repayment of old credit facility from restructuring in 2010

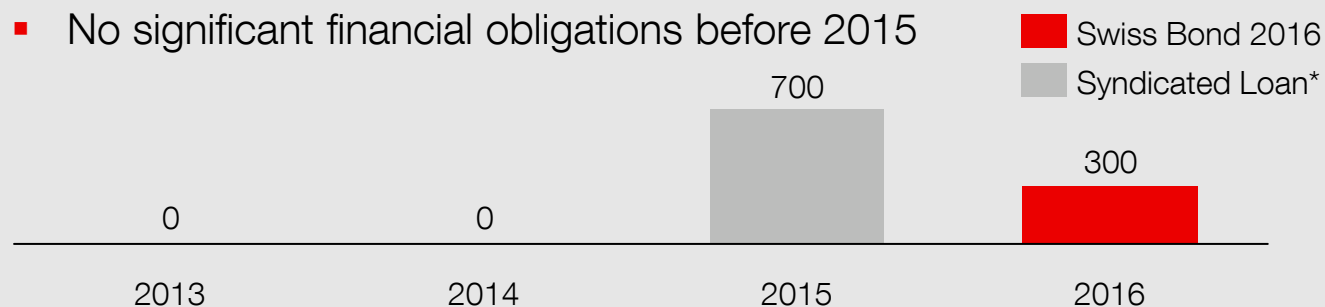
Liquidity position

- From net debt to cash positive



Maturity of major financing instruments

- No significant financial obligations before 2015



* Syndicated Loan (Cash Facility undrawn, Ancillary Facility partly used) includes two prolongation options until final maturity 2017

Strong balance sheet

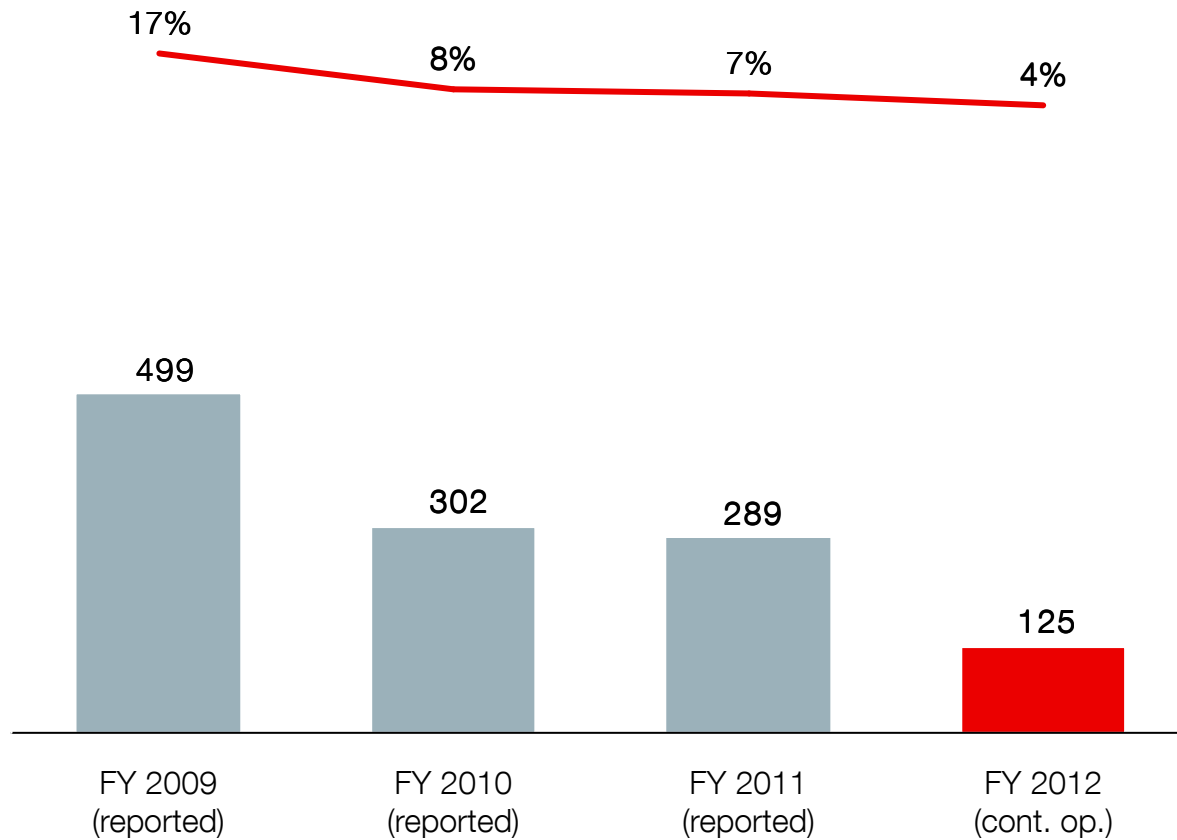


in CHF million	FY 2012	FY 2011
Cash and cash equivalents	638	742
Trade receivables	474	635
Inventories	388	582
Assets classified as held for sale	737	-
Property, plant and equipment	718	915
Intangible assets	938	1 261
Total other assets	266	438
Total assets	4 159	4 573
Trade payables	287	457
Current customer advances	450	471
Liabilities classified as held for sale	239	-
Current and non-current loans and borrowings	307	856
Non-current post-employment benefit provisions	533	525
Total other liabilities	461	654
Total liabilities	2 277	2 963
Total equity	1 882	1 610
Equity ratio	45 %	35 %
Net liquidity	339	-86

Net working capital

Net working capital* FY 2009 – FY 2012

in % of sales; in CHF million



- Continued reduction of net working capital
- Active inventory management
- Customer advances at CHF 450 million

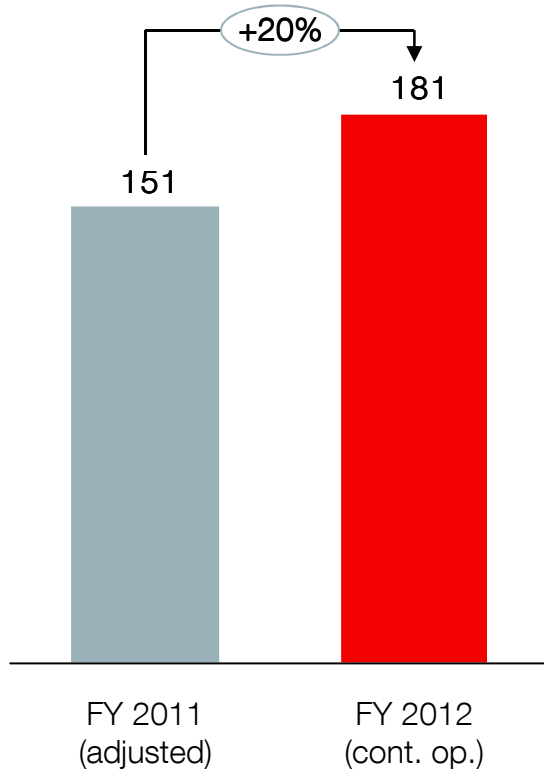
* Net working capital is defined as trade receivables + inventories – trade payables – current customer advances

CAPEX exceeding depreciation level



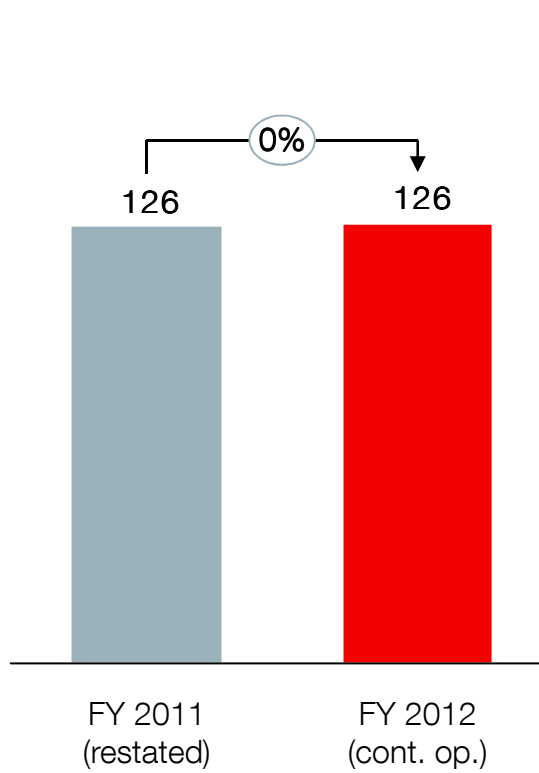
CAPEX

in CHF million

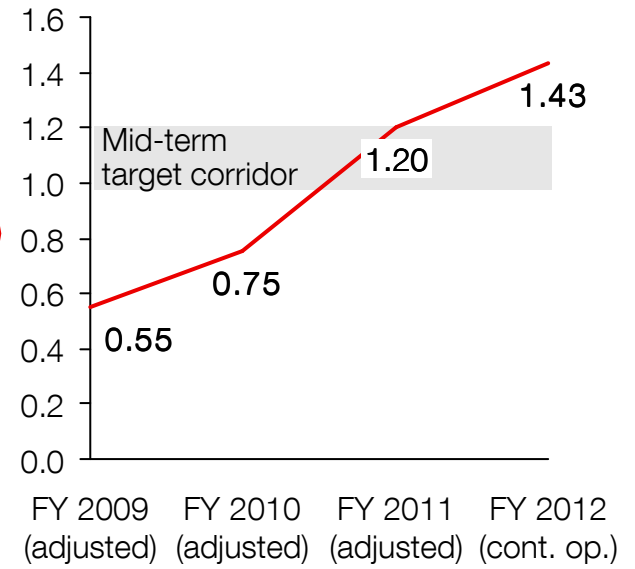


Depreciation & amortization*

in CHF million



CAPEX / depreciation & amortization ratio*



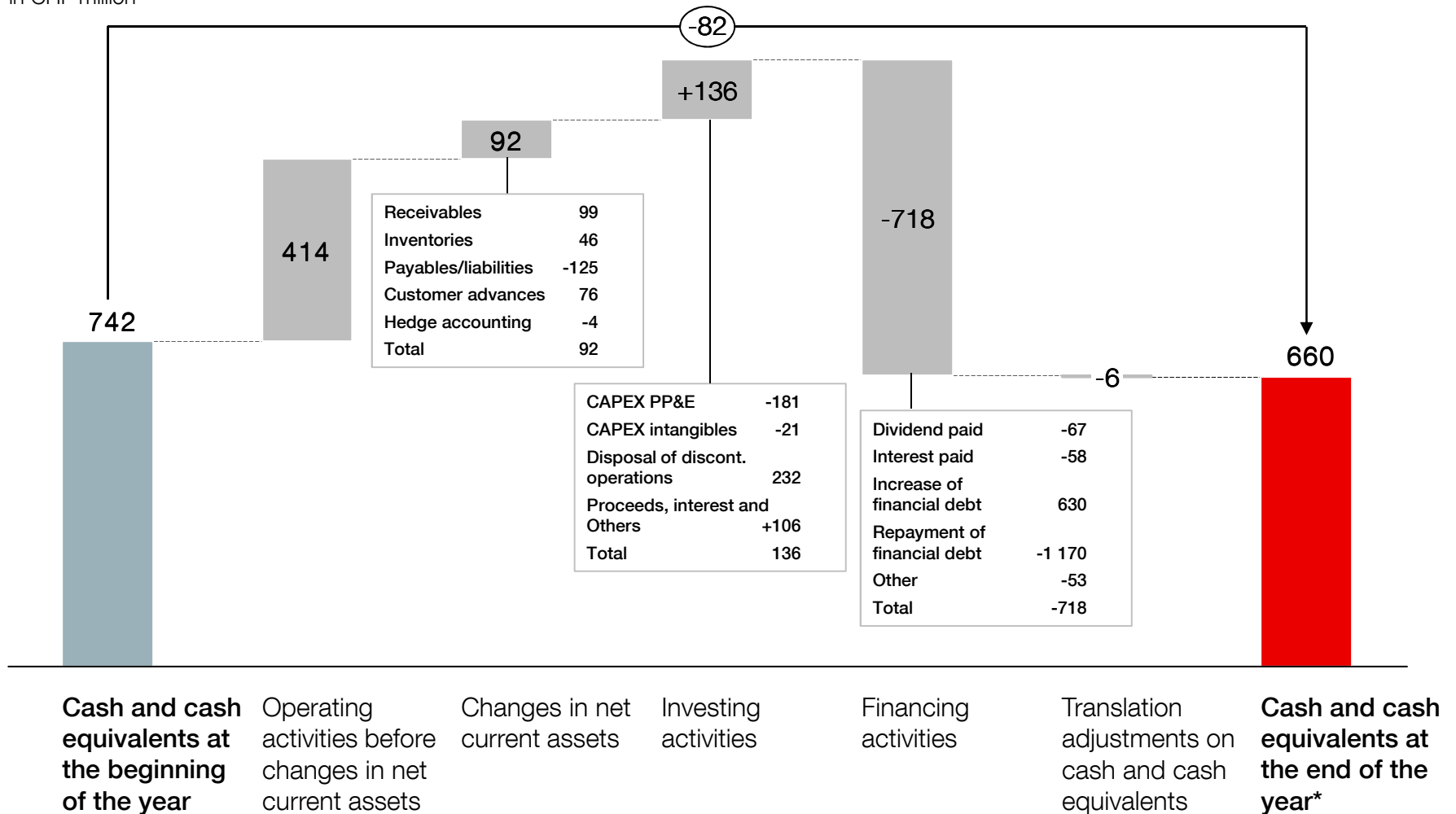
* Excluding impairment

Consolidated cash flow statement



Consolidated cash flow statement FY 2012

in CHF million



* Includes CHF 22 Mio. which are included in «Assets classified as held for sale» in the balance sheet as of December 31, 2012

Return On Capital Employed (ROCE)

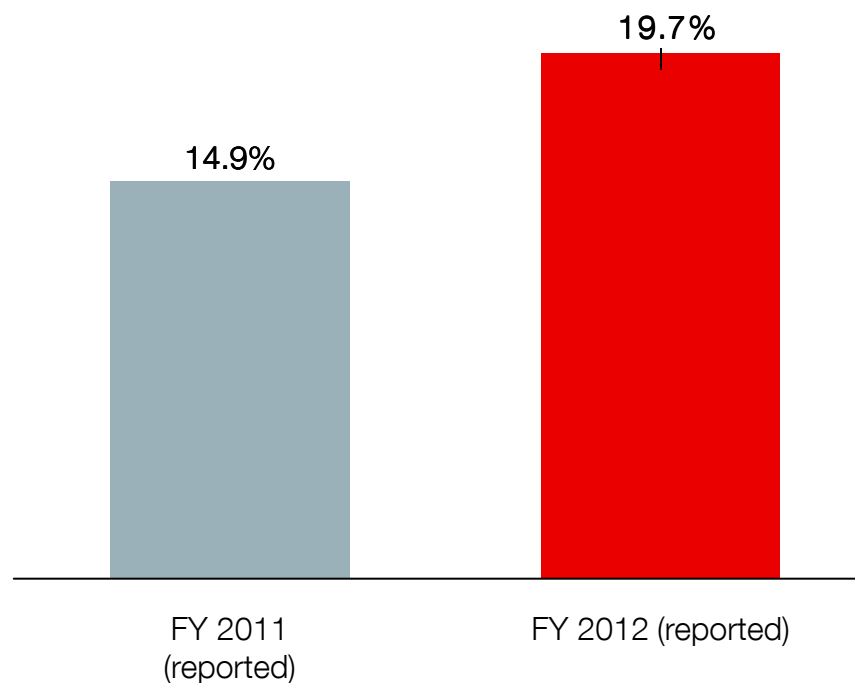
ROCE = NOPAT / Capital Employed



Oerlikon Definition of ROCE	FY 2012 (reported)	FY 2011 (reported)
EBIT	421	419
- Total current income tax	-92	-78
- Total deferred tax expense	-19	-13
NOPAT	310	328
Net Operating Assets	1 575	2 205
+ Current tax receivables	19	18
+ Deferred tax assets	113	110
- Current income tax payables	-57	-61
- Deferred tax liabilities	-73	-72
Capital Employed	1 577	2 200

ROCE

in %



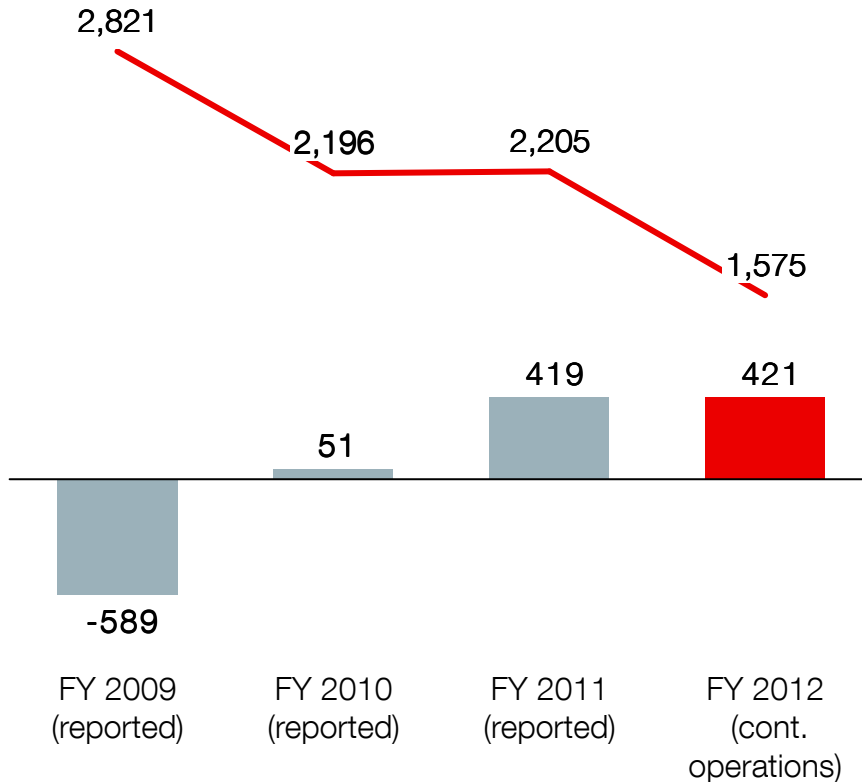
- FY 2012 ROCE: stable 12-month rolling NOPAT over reduced Capital Employed
- The Oerlikon Group earns in excess of its cost of capital

Strong improvement in Return on Net Assets (RONA*)



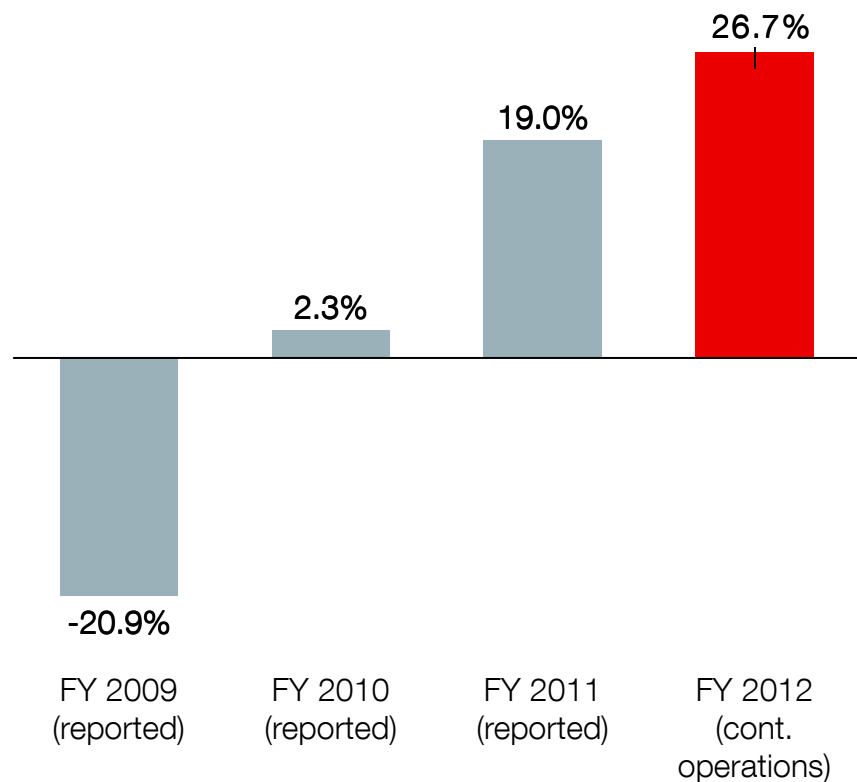
EBIT and Net Operating Assets*

in CHF million



RONA*

in %



- Divestments and Discontinued Operations reduce asset base
- Strong operational performance over reduced net operating assets drive RONA performance

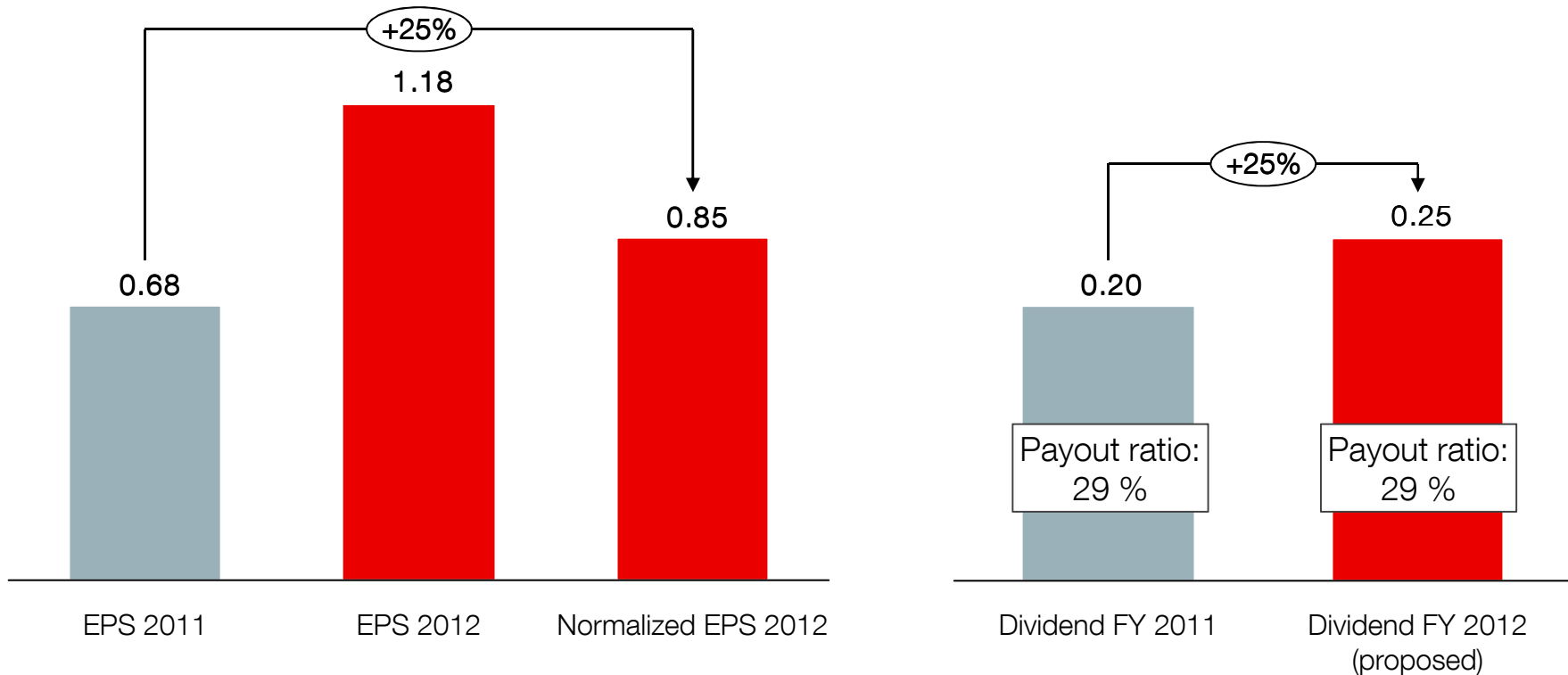
* Net Operating Assets include goodwill and brands; RONA is defined as EBIT / Net Operating Assets including goodwill and brands

Dividend increase of 25 % proposed – Dividend yield of 2.4 % based on year-end share price

œrlikon

Dividend proposal for FY 2012

in CHF per share



- Proposal to AGM to pay out CHF 0.25 per share for FY 2012 in line with dividend policy
- Stable pay-out ratio of 29 % based on normalized EPS
- Dividend distributed from the reserve from capital contribution

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Outlook Oerlikon Group 2013 – Starting the next Phase of the Group's Transformation



OERLIKON'S TRANSFORMATION

PORTFOLIO

REFINANCING

OPERATIONAL
EXCELLENCE

Guidance 2013

Global environment

- Environment uncertain and challenging
- H1 is likely to be weak with upside potential in H2

Top line

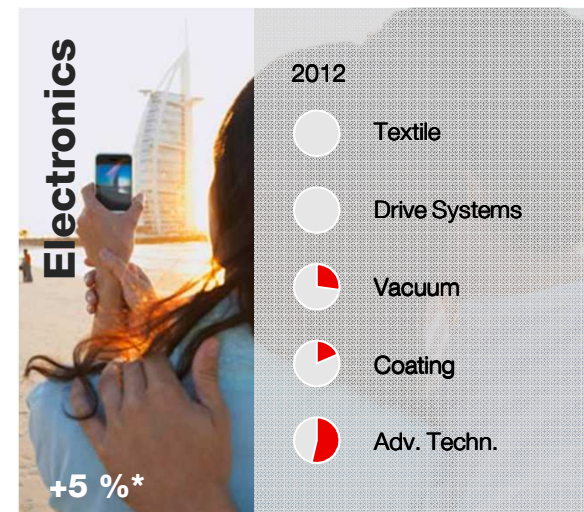
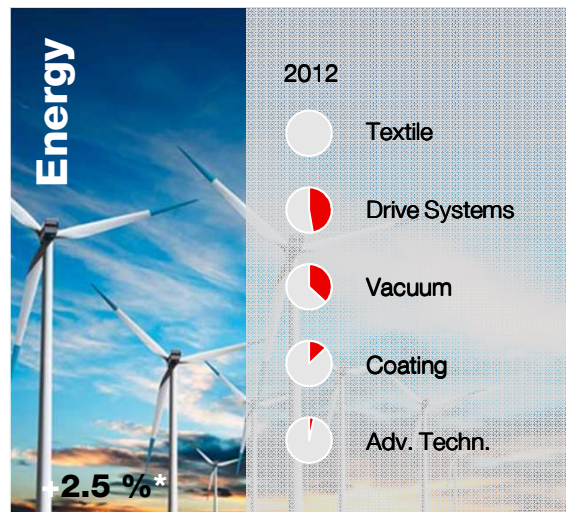
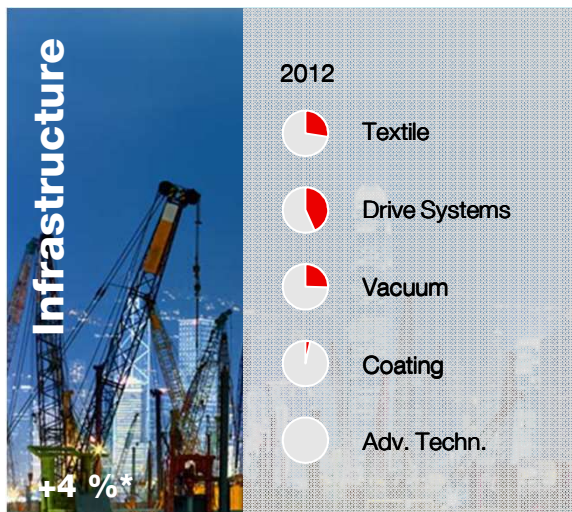
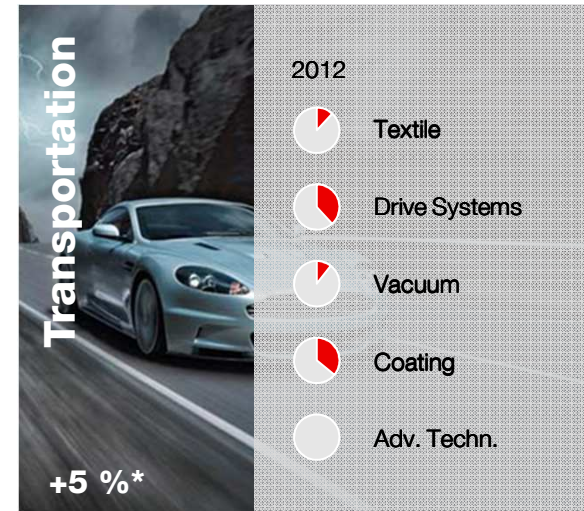
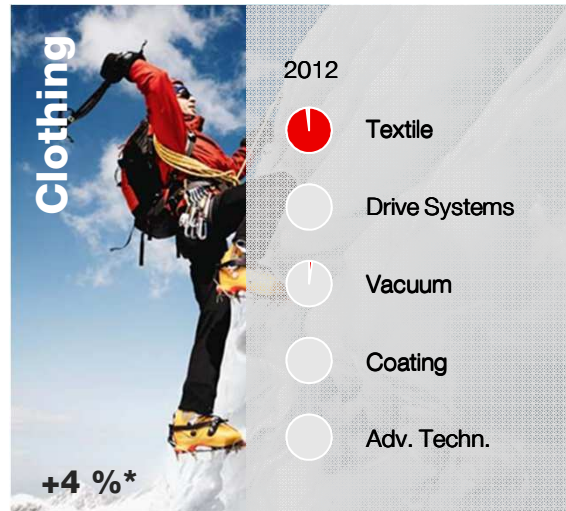
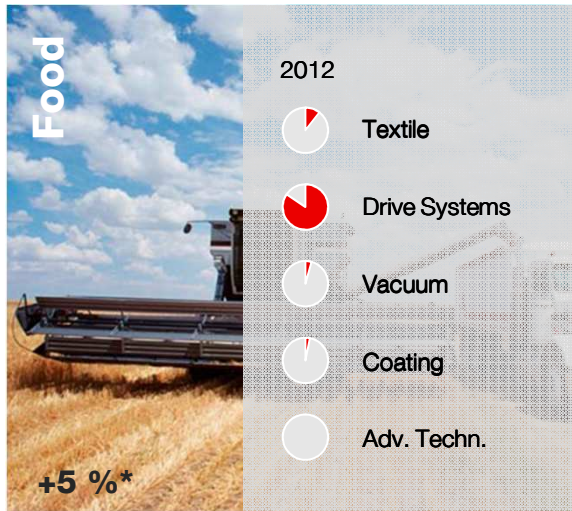
- Order intake to be around the previous year's level with performance in the first half offset at least by better performance in the second half of the year
- Sales at around the previous year's level

Profitability

- Operational profitability at around the previous year's level
- Temporarily impacted by the announced Textile Segment divestments

**Next financial reporting:
Q1 2013 on May 7, 2013**

Presence and opportunities in global growth markets



* Estimated compound annual growth rate (CAGR) for 2012-2016



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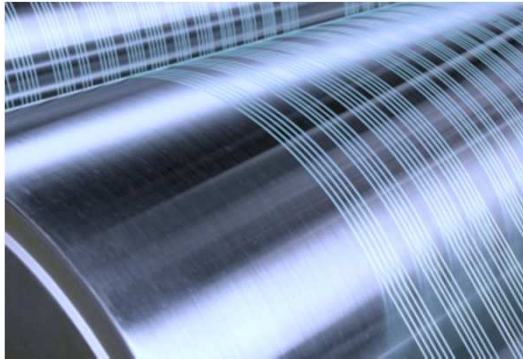
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Oerlikon's Identity



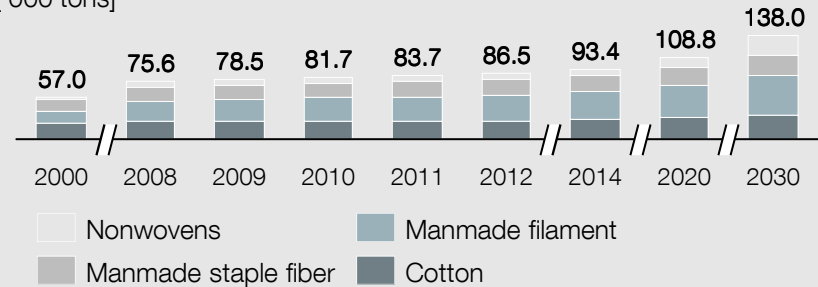
Tagline	Vision	Mission
<p>innovation has a name</p> <p>oerlikon</p>	<p>Vision</p> <p>Oerlikon creates innovative industrial solutions for a better life.</p>  <p><small>innovation has a name</small> oerlikon</p>	<p>Mission</p> <p>Oerlikon strives to be your most reliable business partner, worldwide.</p> <p>We increase value through high-quality innovative industrial solutions, continuously.</p> <p>We engage highly qualified professionals.</p> <p>Our commitment is your success!</p>  <p><small>innovation has a name</small> oerlikon</p>

Key figures Textile Segment



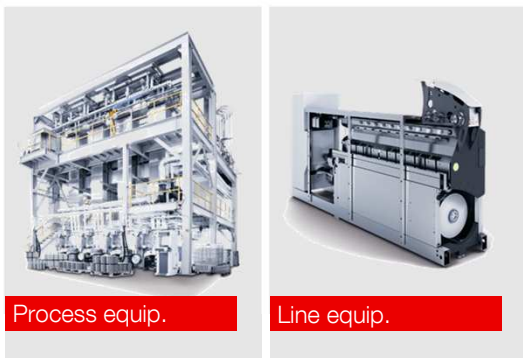
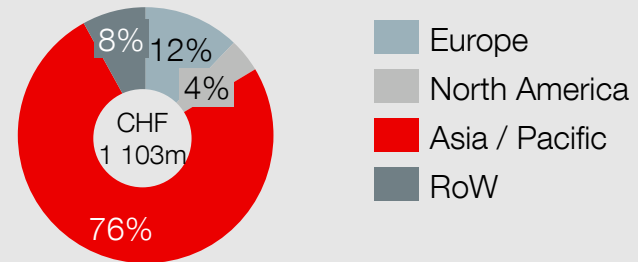
Textile market

Global textile mill consumption by technology
[‘000 tons]

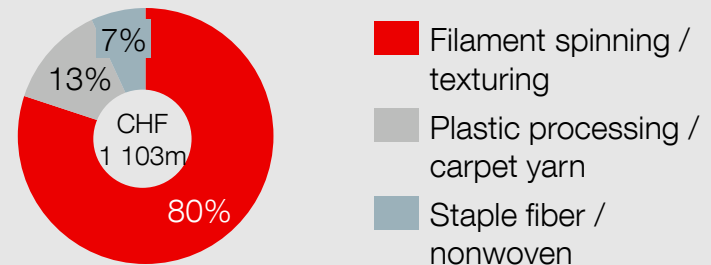


Order intake	1 039
Δ to 2011	+2 %
Order backlog	602
Δ to 2011	-11 %
Sales*	1 103
Δ to 2011	+21 %
EBIT	186
Δ to 2011	>100.0 %
EBIT margin**	17.0 %
Δ to 2011	+9.0 %pts

Regional split



Market split



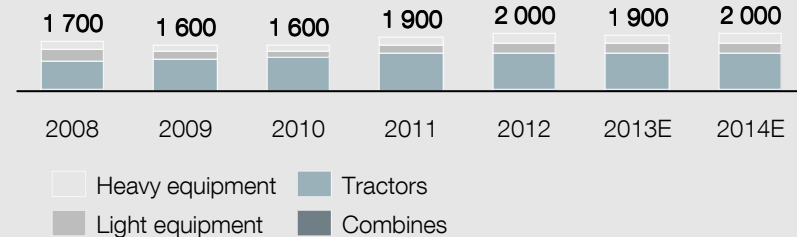
* Sales to third parties; ** as % of sales

Key figures Drive Systems Segment



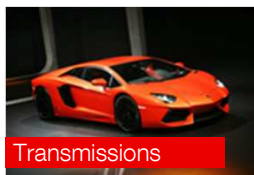
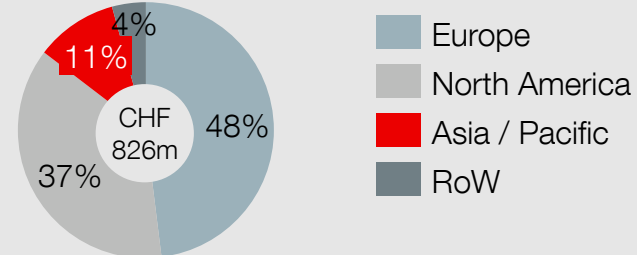
Automotive market

Construction & agricultural equipment market 2008 - 2014 (e)*
[‘000 units]

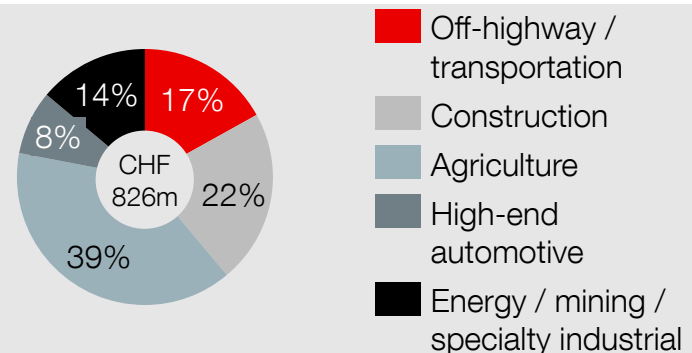


Order intake	766
Δ to 2011	-14 %
Order backlog	134
Δ to 2011	-37 %
Sales*	826
Δ to 2011	+1 %
EBIT	70
Δ to 2011	+43 %
EBIT margin**	8.5 %
Δ to 2011	+2.5 %pts

Regional split

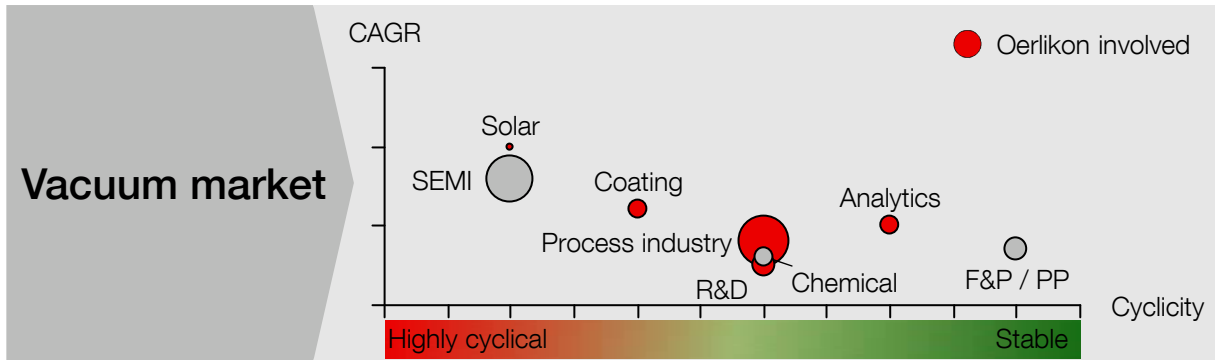


Market split

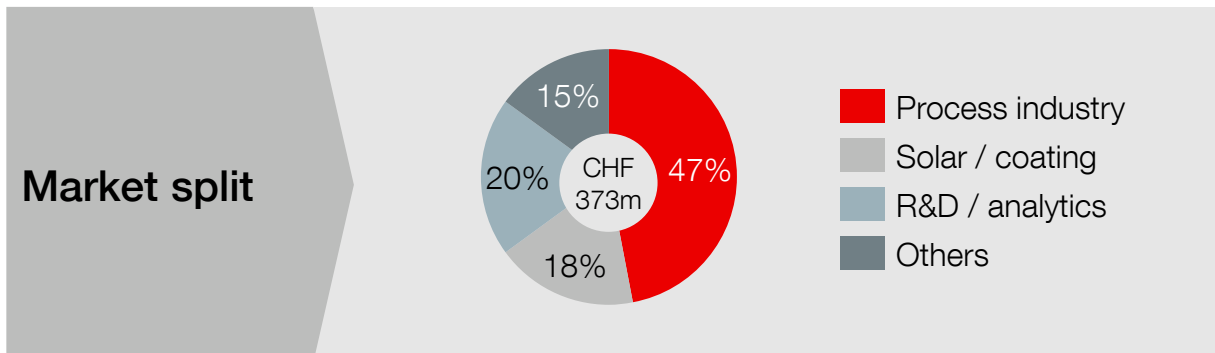
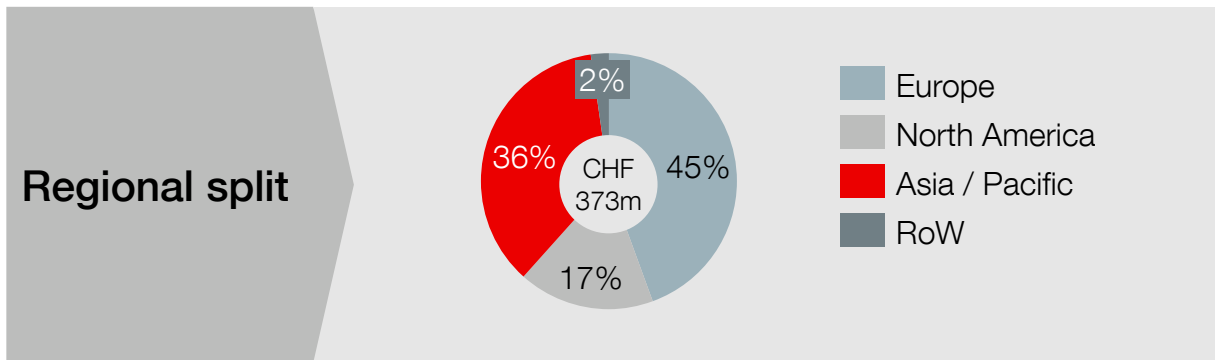


* Sales to third parties; ** as % of sales, *** Source: IHS Global Insight, CNH, BaB estimates

Key figures Vacuum Segment



Order intake	377
Δ to 2011	-6 %
Order backlog	73
Δ to 2011	-5 %
Sales*	373
Δ to 2011	-9 %
EBIT	38
Δ to 2011	-36 %
EBIT margin**	10.2 %
Δ to 2011	-3.7 %pts

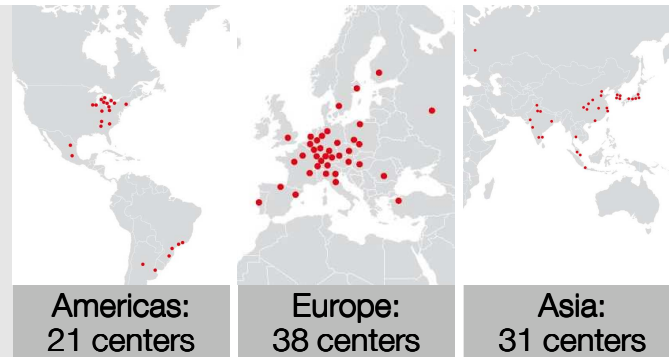


* Sales to third parties; ** as % of sales

Key figures Coating Segment

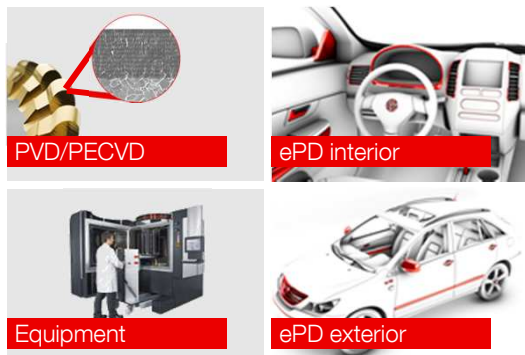
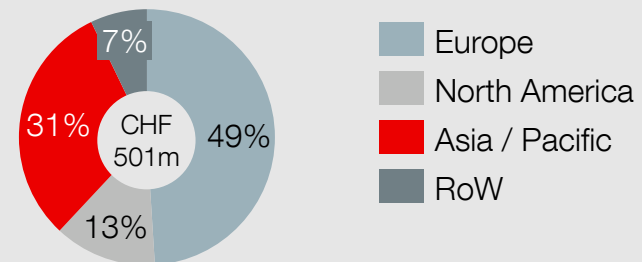


Global network

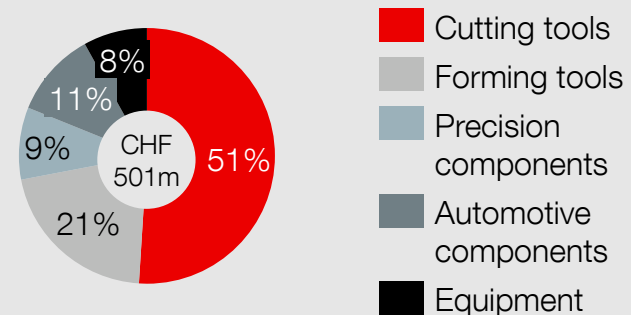


Order intake	501
Δ to 2011	+4 %
Order backlog	-
Δ to 2011	-
Sales*	501
Δ to 2011	+4 %
EBIT	103
Δ to 2011	+6 %
EBIT margin**	20.5 %
Δ to 2011	+0.4 %pts

Regional split



Market split



* Sales to third parties; ** as % of sales

Key figures Advanced Technologies Segment

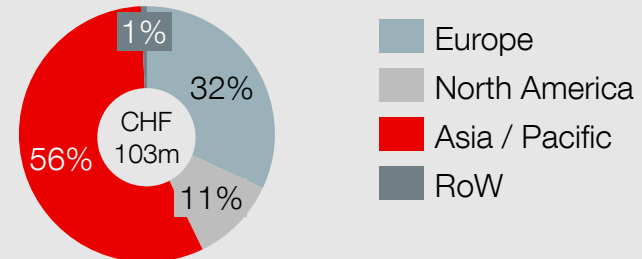


Oerlikon's strengths

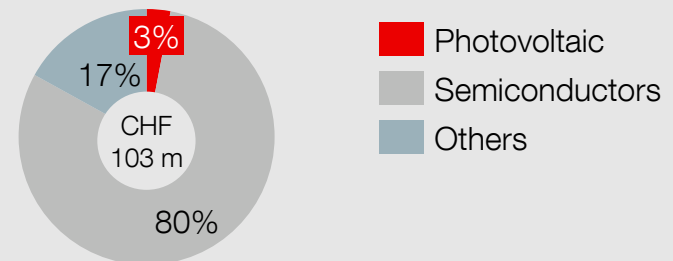
- Core competence in industrializing **thin film coating applications** for Advanced Packaging, and energy management
- Highest **productivity** PVD tools for semiconductors, mobile devices and cleantech applications
- Excellent **reputation** confirmed by market surveys
- **Strong customer base** in Asia
- **R&D capabilities** – incubator function

Order intake	119
Δ to 2011	+35 %
Order backlog	25
Δ to 2011	>100 %
Sales*	103
Δ to 2011	-5 %
EBIT	7
Δ to 2011	-36 %
EBIT margin**	6.6 %
Δ to 2011	-3.7 %pts

Regional split



Market split



* Sales to third parties; ** as % of sales

Oerlikon shares



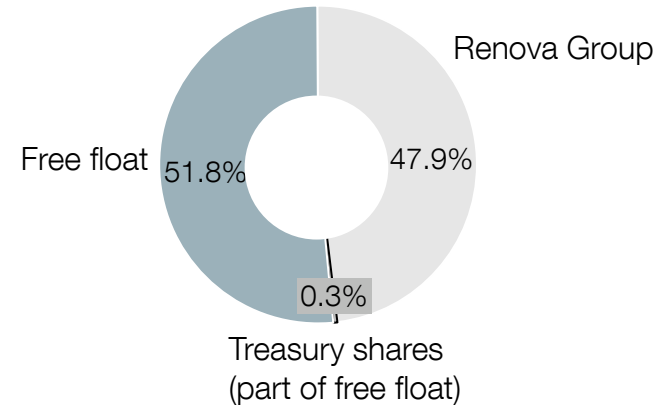
Oerlikon shares

as of December 31, 2012

- Listed on Swiss Exchange (SIX) since 1975
- Securities symbol: OERL
- Securities number 81 682
- ISIN: CH0000816824
- No. of shares outstanding: 325 964 498 shares
- Re-entry to Swiss SMIM on April 17, 2012
- Addition to STOXX Europe 600 as of June 18, 2012

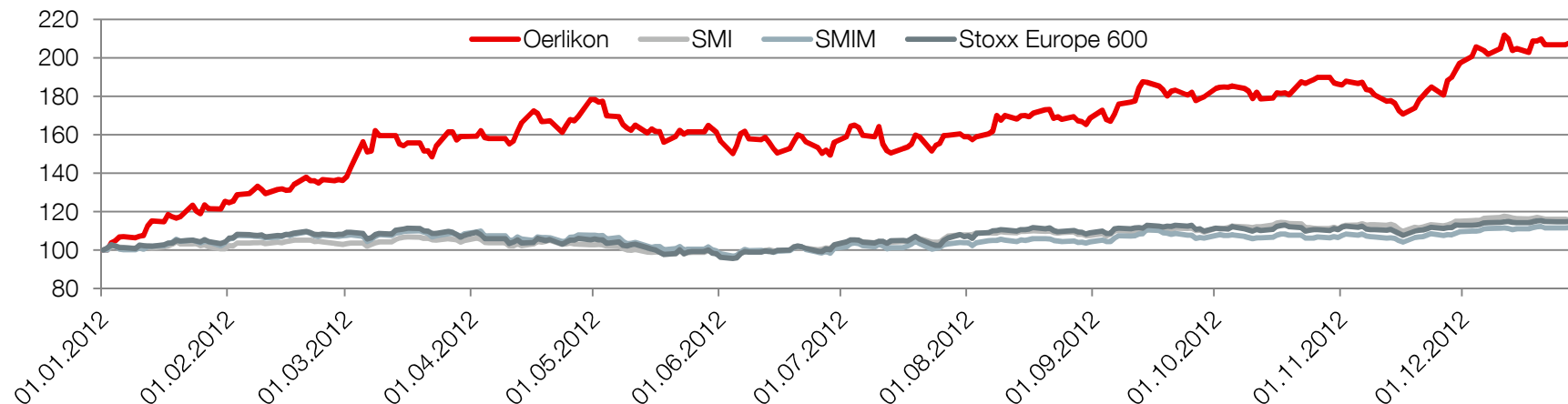
Oerlikon shareholder structure

as of December 31, 2012



Oerlikon share price development

as of March 1, 2013, indexed; 100 percent = closing price per December 31, 2011



Coverage – 8 Buy/Accumulate – 2 Hold/Neutral



Broker (as of January 16, 2013)	Analyst	Recommendation	Date of last update	Target price
AlphaValue	Pierre-Yves Gauthier	Buy	06.12.2012	12.50
Bank am Bellevue	Michael Studer	Hold	20.12.2012	10.50
Berenberg Bank	Benjamin Glaeser	Buy	28.02.2013	13.15
Credit Suisse	Patrick Laager	Outperform	10.01.2013	14.20
Helvea SA	Reto Amstalden	Accumulate	10.12.2012	11.20
Kepler CM	Christoph Ladner	Buy	17.12.2012	13.00
MainFirst	<i>suspended</i>			
Société Générale	Jean Baptiste Roussille	Hold	06.12.2012	11.00
UBS	Torsten Wyss	Buy	05.12.2012	12.00
Vontobel	Michael Foeth	Buy	04.12.2012	12.50
Zürcher Kantonalbank	Armin Rechberger	Overweight	28.12.2012	-
Consensus		8 positive 2 neutral		12.32

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



Financial Calendar 2013



March 5, 2013	Q4 / FY 2012 results and publication of Annual Report 2012 - Annual Press Conference
April 30, 2013	Annual General Meeting of Shareholders - KKL Lucerne
May 7, 2013	Q1 2013 Results - Media & Analyst Conference Call
August 6, 2013	Q2 / HY 2013 results and publication of Interim Report 2013 - Media & Analyst Conference Call
October 29, 2013	Q3 / 9M 2013 results - Media & Analyst Conference Call

Investor Relations Contact



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