

Targeted investments in Oerlikon Textile and Oerlikon Coating

Oerlikon strengthens its presence in China

Pfäffikon SZ, November 16, 2007 – With the opening of the new coating center in the Suzhou Industrial Park near Shanghai and the expansion of the existing textile machine factory, Oerlikon is strengthening its presence in the Chinese market. The company is ensuring that profitable growth will continue in that region and in Asia as a whole. „We are extending our presence in the Chinese growth market with targeted investments and with state of the art cost efficient production plants“, said Dr. Uwe Krüger, Oerlikon’s CEO. The synergies with the textile machine business can be fully utilized by collocating the new coating center on the same campus. China’s share of sales in the Oerlikon Group lies at 17 percent in the first nine months of 2007 (Asia: 37 percent) and is approaching CHF 1 billion for the whole year (Asia: over CHF 2 billion).

Both Oerlikon’s textile and coating sectors can look back on a success story of about 20 years in Asia and China. Already in 1984 Oerlikon Textile closed first cooperation-contracts with Chinese machine construction companies and became a favored partner by delivering machines for the uprising Chinese manmade fiber industry. In 1997, Oerlikon Balzers opened the first coating center in the Far East – in the meanwhile Oerlikon has a total of 18 coating centers in Asia, three of which are in China. After the foundation of several Joint Ventures with Chinese partners in the early nineties, Oerlikon Textile opened 2001 its first own factory in Suzhou, China, and in 2006 one of the largest and most modern production plants for textile machines with 70,000 square meters of floor space was finished. Since the opening in the beginning of 2006 the production capacity for textile machines was nearly tripled to 1200 units.

This sustained strong growth encouraged Oerlikon to provide the basis for a continuation of the positive development by opening a further coating center on the grounds of the Oerlikon textile factory and also laying the foundation stone for extending this factory. With additional floor space of approx. 30,000 square meters the textile factory in Suzhou

Page 2 is being extensively enlarged. The first Oerlikon Textile machines should roll off the production line in this new section of the plant already in the fourth quarter of 2008.

The Coating Center which has just been opened has 2000 square meters of floor space and three innovative coating systems and is rightly sized to serve the rapidly growing local market for the coming years. The synergies of the group could be utilized optimally in developing the Coating Center in Oerlikon Textile's existing building. Oerlikon Coating benefited from the modern infrastructure of its sister segment. The experiences gained by Oerlikon Textile in developing a regionally focused supply chain play a major role in the coating sector.

Oerlikon Balzers is planning to open an additional Coating Center in 2008 to strengthen its regional presence in China and Asia. At present the Chinese coating market has only a small share of the global market with 4 percent but has the largest annual growth rate with over 50 percent. „As the world's leading supplier of coatings for tools and components, we are participating in an above average way of China's upswing in becoming one of the leading industrial nations and in the development of the Chinese high tech manufacturing and automobile industry in particular “, said Oerlikon's CEO Krüger.

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Oerlikon (SWX: OERL) is among the world's most successful industrial high-tech companies focusing on machine and systems engineering. Oerlikon stands for leading industrial solutions and cutting-edge technology in textile production, thin film coating, propulsion, precision and vacuum technology. As a company with Swiss roots and a 100-year tradition, Oerlikon, with CHF 4.8 billion in sales, over 19,000 employees at 170 locations in 35 countries, has evolved into a global player today.