œrlikon

continuing to perform

Interim Report **2013**

Key figures Oerlikon

First half year 2013 (HY1 2013)

(in CHF million)

	HY1 2013	HY1 2012	Change (abs.)	Change (%)
Order intake	**1476**	**1501**	**–25**	**–2**
Order backlog	**888**	**989**	**–101**	**–10**
Sales	**1443**	**1478**	**–35**	**–2**
EBITDA	**239**	**297**	**–58**	**–20**
EBIT	**174**	**233**	**–59**	**–25**
Net income	**146**	**112**	**+34**	**+30**
Cash flow from operating activities	**168**	**120**	**+48**	**+40**

Second quarter 2013 (Q2 2013)

(in CHF million)

	Q2 2013	Q2 2012	Change (abs.)	Change (%)
Order intake	**713**	**745**	**–32**	**–4**
Order backlog	**888**	**989**	**–101**	**–10**
Sales	**720**	**741**	**–21**	**–3**
EBIT	**89**	**97**	**–8**	**–8**

Key figures Oerlikon Group

in CHF million	**January 1 to June 30, 2013 unaudited**	January 1 to June 30, 2012 unaudited
Order intake [1]	1 476	1 501
Order backlog [1]	888	989
Sales [1]	1 443	1 478
EBITDA [1]	239	297
– as % of sales	17 %	20 %
EBIT [1]	174	233
– as % of sales	12.1 %	15.8 %
Net income	146	112
– as % of equity attributable to shareholders of the parent	7 %	6 %
Cash flow from operating activities	168	120
Capital expenditure for property, plant and equipment and intangible assets [1]	65	64
Total assets (June 30, 2013/December 31, 2012)	4 438	4 158
Total equity (June 30, 2013/December 31, 2012) [1]	1 991	1 884
– as % of total assets	45 %	45 %
Equity attributable to shareholders of the parent (June 30, 2013/December 31, 2012) [1]	1 968	1 860
– as % of total assets	44 %	45 %
Net cash (June 30, 2013/December 31, 2012) [2]	389	339
Net Operating Assets (June 30, 2013/December 31, 2012) [1,3]	1 588	1 575
Number of employees (June 30, 2013/December 31, 2012) [1]	12 935	12 708
Personnel expense [1]	389	377
Research and development expenditure [1,4]	58	51

[1] Continuing operations (2012 restated).

[2] Net cash includes cash and cash equivalents and marketable securities less current and non-current debt.

[3] Net Operating Assets include current and non-current operating assets (including goodwill and brands and excluding cash and cash equivalents, financial assets, current and deferred tax receivables) less operating liabilities (excluding financial liabilities, current tax payables and deferred tax liabilities).

[4] Research and development expenditure includes expense recognized as intangible assets in the amount of CHF 7 million (previous year: CHF 6 million).

Letter from the Chairman of the Board of Directors and the Chief Executive Officer

Dear Shareholders,

In the first half of 2013, Oerlikon continued to deliver solid operational performance. Having completed yet another important portfolio transaction, we strengthened our financial and strategic position and continued to execute our agenda. Looking forward, Oerlikon is in good health, energetic and ready to take the next steps.

The most important milestone was the successful closing of the sale of the natural fibers businesses on July 3, 2013 – the ninth transaction since 2010. The divestment of the Natural Fibers and Textile Components Business Units to the Jinsheng Group of China focused our portfolio and significantly reduces the Group's overall exposure to the textile industry. The expected cash proceeds from the transaction to be booked in Q3 2013 are around CHF 500 million (after tax and transaction costs).

Oerlikon will focus on the manmade fiber business only and has renamed the Textile Segment to Manmade Fibers. This Segment, trading under the Oerlikon Barmag and Oerlikon Neumag brands, provides comprehensive solutions and services for the production of manmade fibers, nonwovens, carpet yarns and synthetic staple fibers and is the global market and technology leader in these markets.

Despite a challenging global economic environment, profitability, sales and order intake remain at 2013 guidance levels with a double-digit EBIT margin for the sixth quarter in a row. For the first half of 2013, the Group reported an EBIT of CHF 174 million (H1 2012: CHF 194 million, excluding CHF 39 million from the sale of the Arbon property) and an EBIT margin of 12.1% (H1 2012: 13.1%). The strongest contributors to this result were the Manmade Fibers and Coating Segments, which continue to operate at or close to Best-in-Class levels.

Strong cash flows once again strengthened our balance sheet; net cash has increased to CHF 389 million (FY 2012: CHF 339 million). The net income for H1 2013 increased to CHF 146 million (H1 2012: CHF 112 million).

These results are the outcome of an ongoing focus on the underlying performance of our Company and the execution of our agenda, with its key elements being operational excellence, technological innovation, regional growth and portfolio shaping.Operational progress continued throughout the company. The Manmade Fibers Segment secured a large order for its market-leading BCF (Bulked Continuous Filament) carpet yarn production equipment from a customer in Saudi Arabia – the first time we have penetrated that market. The Drive Systems Segment has introduced a new transmission for hybrid cars which better integrates drivetrain components so as to reduce weight and increase performance. Drive Systems also entered into a partnership with the German automotive supplier Continental for the development and marketing of integrated motor and transmission systems for hybrid and electric vehicles. Oerlikon's Vacuum Segment has established a direct presence in Brazil. With a major order of about 200 vacuum pump systems, the Segment has positioned itself in the fast-growing display market. The Coating Segment opened its eleventh coating center in China, growing the worldwide total to 91 centers at the end of the first half year. The Coating Segment also made a further commitment to growth in the Aerospace market, opening a new center close to Paris focused on Aerospace customers. The Advanced Technologies Segment secured large orders for its proven semiconductor equipment from customers in China, expanding its footprint in that region.

Despite the difficult economic environment, Oerlikon has sustained performance at a high level during the first half of 2013. Looking forward, we will continue to concentrate on our growth agenda, both organically and inorganically, and will continue to deploy our resources in a prudent and disciplined manner with the singular aim of generating additional value for our shareholders.

Our sincere thanks to the whole Oerlikon team for their hard work, our customers and our shareholders for their continued support of Oerlikon.

Tim Summers
Chairman of the
Board of Directors

Jürg Fedier
Chief Executive Officer

Interim financial report 2013

Key figures Oerlikon Group

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[4] Research and development expenditure includes expense recognized as intangible assets in the amount of CHF 7 million (previous year: CHF 6 million).

Consolidated income statement

in CHF million	**January 1 to June 30, 2013 unaudited**	January 1 to June 30, 2012 restated, unaudited
Sales of goods	1 094	1 147
Services rendered	349	331
Total sales	**1 443**	**1 478**
Cost of sales	–1 031	–1 065
Gross profit	**412**	**413**
Marketing and selling	–80	–79
Research and development	–56	–54
Administration	–107	–101
Restructuring costs	–1	–2
Other income	15	62
Other expense	–9	–6
Result before interest and taxes (EBIT)	**174**	**233**
Financial income	11	38
Financial expense	–26	–50
Result before taxes (EBT)	**159**	**221**
Income taxes	–50	–60
Result from continuing operations	**109**	**161**
Result from discontinued operations, net of income taxes	37	–49
Net income	**146**	**112**
Attributable to:		
Shareholders of the parent	145	110
Non-controlling interest	1	2
Earnings per share in CHF	0.44	0.34
Fully diluted earnings per share in CHF	0.43	0.34
Earnings per registered share continuing operations in CHF	0.33	0.49
Fully diluted earnings per registered share continuing operations in CHF	0.32	0.49
Earnings per registered share discontinued operations in CHF	0.11	–0.15
Fully diluted earnings per registered share discontinued operations in CHF	0.11	–0.15

Consolidated statement of comprehensive income

in CHF million	**January 1 to June 30, 2013 unaudited**	January 1 to June 30, 2012 restated, unaudited
Net income	146	112
Other comprehensive income		
Items that will not be reclassified to the income statement		
Remeasurements of defined benefit plans	2	–63
Income taxes on items that will not be reclassified to the income statement	–1	19
	1	**–44**
Items that may be reclassified subsequently to the income statement		
Effective portion of changes in fair value of cash flow hedges	–4	6
Conversion differences	29	2
Income taxes on items that may be reclassified subsequently to the income statement	–	–1
	25	**7**
Other comprehensive income for the period, net of taxes	**26**	**–37**
Total comprehensive income for the period	**172**	**75**
Attributable to:		
Shareholders of the parent	171	72
Non-controlling interest	1	3

Consolidated balance sheet

Assets

in CHF million	**June 30, 2013 unaudited**	December 31, 2012 restated
Cash and cash equivalents	661	638
Current financial investments and derivatives	35	16
Trade receivables	513	474
Other receivables	117	89
Current tax receivables	18	19
Inventories	423	388
Prepaid expenses and accrued income	30	18
Assets classified as held for sale	832	737
Current assets	**2 629**	**2 379**
Loans and other non-current financial receivables	6	6
Non-current financial investments	3	4
Property, plant and equipment	720	718
Intangible assets	961	938
Post-employment benefit assets	1	1
Deferred tax assets [1]	118	112
Non-current assets	**1 809**	**1 779**
Total assets	**4 438**	**4 158**

Liabilities and equity

in CHF million	**June 30, 2013 unaudited**	December 31, 2012 restated
Trade payables	329	287
Other current financial liabilities and derivatives	6	3
Other current liabilities	70	47
Accrued liabilities	197	199
Current customer advances	515	450
Current income taxes payable	62	57
Current post-employment benefit provisions	23	24
Other current provisions	58	57
Liabilities classified as held for sale	268	239
Current liabilities	**1 528**	**1 363**
Non-current loans and borrowings	303	304
Non-current post-employment benefit provisions [1]	538	530
Deferred tax liabilities	73	73
Other non-current provisions	5	4
Non-current liabilities	**919**	**911**
Total liabilities	**2 447**	**2 274**
Share capital	332	326
Treasury shares	–7	–8
Retained earnings and reserves [1]	1 643	1 542
Equity attributable to shareholders of the parent	**1 968**	**1 860**
Non-controlling interest	23	24
Total equity	**1 991**	**1 884**
Total liabilities and equity	**4 438**	**4 158**

[1] Restatement of prior year figures in connection with the adoption of IAS 19 (revised), refer to section “Adoption of new and revised accounting standards” under “Accounting principles”.

Consolidated cash flow statement [1]

in CHF million	**January 1 to June 30, 2013 unaudited**	January 1 to June 30, 2012 unaudited, restated [2]
Net income	146	112
Income taxes	48	78
Interest expense (net)	17	44
Other financial expense/income (net)	3	–32
Depreciation of property, plant and equipment	56	65
Amortization of intangible assets	9	15
Addition to other provisions (net)	13	5
Decrease in post-employment benefit provisions	–8	–7
Gain on sale of property, plant and equipment and intangible assets	–1	–40
Income taxes paid	–41	–43
Other non-cash items	5	8
Cash flow from operating activities before changes in net current assets	247	205
Increase in receivables, prepaid expenses and accrued income	–110	–20
Increase in inventories	–77	–44
Increase/decrease in payables, accrued liabilities and use of other provisions	45	–85
Increase in customer advances	64	64
Non-cash impact on net current assets due to hedge accounting	–1	–
Cash flow from changes in net current assets	–79	–85
Cash flow from operating activities	**168**	**120**
Purchase of property, plant and equipment	–61	–64
Purchase of intangible assets	–13	–10
Purchase of financial investments	–	–2
Proceeds from sale of financial investments	3	54
Proceeds from sale of property, plant and equipment	30	39
Interest received	3	6
Dividends received	2	2
Cash flow from investing activities	**–36**	**25**
Dividends paid	–84	–66
Purchase of treasury shares	–7	–2
Proceeds from issue of share capital	35	–
Repayment of financial debt	–	–164
Acquisition of non-controlling interest	–11	–8
Interest paid	–13	–26
Cash flow from financing activities	**–80**	**–266**
Translation adjustments to cash and cash equivalents	8	3
Increase/decrease in cash and cash equivalents	**60**	**–118**
Cash and cash equivalents at the beginning of the period [3]	660	742
Cash and cash equivalents at the end of the period [3]	720	624
Increase/decrease in cash and cash equivalents	**60**	**–118**

[1] The consolidated cash flow statement is presented without any effects from discontinued operations as well as assets and liabilities held for sale.

[2] The presentation of the cash flows from operating and financing activities is in line with the changes carried out in the annual financial statements 2012. The comparative figures for the 2012 half year have been reclassified to conform to the 2013 half year presentation. The reclassification of the prior year figures concerns the line items “Other financial expense/income (net)” and “Other non-cash items” and had no material effect. In addition, the line items “Net income”, “Income taxes” and “Interest expense (net)” have been restated in connection with the adoption of IAS 19 (revised), refer to section “Adoption of new and revised accounting standards” under “Accounting principles”.

[3] Includes cash and cash equivalents that are included in “Assets classified as held for sale”.

Consolidated statement of changes in equity

in CHF Mio.	Share capital [1]	Additional paid-in capital	Treasury shares	Conversion differences	Retained earnings	Hedge accounting	Deferred taxes	**Total equity attributable to shareholders**	Non-controlling interest	**Total share-holders' equity**
Balance at January 1, 2012 (as previously reported)	**323**	**1 475**	**–3**	**–467**	**228**	**–7**	**37**	**1 586**	**24**	**1 610**
Restatement for IAS 19 (revised)	–	–	–	–	3	–	–1	2	–	2
Balance at January 1, 2012 (restated)	**323**	**1 475**	**–3**	**–467**	**231**	**–7**	**36**	**1 588**	**24**	**1 612**
Net income	–	–	–	–	110	–	–	110	2	112
Other comprehensive income										
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	6	–	6	–	6
Remeasurements of defined benefit plans	–	–	–	–	–63	–	–	–63	–	–63
Income taxes on other comprehensive income	–	–	–	–	–	–	18	18	–	18
Conversion differences, net	–	–	–	1	–	–	–	1	1	2
Total other comprehensive income for the period	**–**	**–**	**–**	**1**	**–63**	**6**	**18**	**–38**	**1**	**–37**
Total comprehensive income for the period	**–**	**–**	**–**	**1**	**47**	**6**	**18**	**72**	**3**	**75**
Capital increase	–	1	–	–	–	–	–	1	–	1
Dividend distributions	–	–65	–	–	–	–	–	–65	–1	–66
Share-based payments	–	–	–	–	1	–	–	1	–	1
Purchase of treasury shares	–	–	–2	–	–	–	–	–2	–	–2
Transfer and sale of treasury shares	–	–	2	–	1	–	–	3	–	3
Acquisition of non-controlling interest	–	–	–	–	–6	–	–	–6	–2	–8
Balance at June 30, 2012	**323**	**1 411**	**–3**	**–466**	**274**	**–1**	**54**	**1 592**	**24**	**1 616**
Balance at January 1, 2013 (as previously reported)	**326**	**1 424**	**–8**	**–487**	**538**	**7**	**58**	**1 858**	**24**	**1 882**
Restatement for IAS 19 (revised)	–	–	–	–	3	–	–1	2	–	2
Balance at January 1, 2013 (restated)	**326**	**1 424**	**–8**	**–487**	**541**	**7**	**57**	**1 860**	**24**	**1 884**
Net income	–	–	–	–	145	–	–	145	1	146
Other comprehensive income										
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–4	–	–4	–	–4
Remeasurements of defined benefit plans	–	–	–	–	2	–	–	2	–	2
Income taxes on other comprehensive income	–	–	–	–	–	–	–1	–1	–	–1
Conversion differences, net	–	–	–	29	–	–	–	29	–	29
Total other comprehensive income for the period	**–**	**–**	**–**	**29**	**2**	**–4**	**–1**	**26**	**–**	**26**
Total comprehensive income for the period	**–**	**–**	**–**	**29**	**147**	**–4**	**–1**	**171**	**1**	**172**
Capital increase	6	29	–	–	–	–	–	35	–	35
Dividend distributions	–	–83	–	–	–	–	–	–83	–1	–84
Share-based payments	–	–	–	–	–5	–	–	–5	–	–5
Purchase of treasury shares	–	–	–7	–	–	–	–	–7	–	–7
Transfer and sale of treasury shares	–	–	8	–	–1	–	–	7	–	7
Acquisition of non-controlling interest	–	–	–	–	–10	–	–	–10	–1	–11
Balance at June 30, 2013	**332**	**1 370**	**–7**	**–458**	**672**	**3**	**56**	**1 968**	**23**	**1 991**

[1] The share capital of OC Oerlikon Corporation AG, Pfäffikon consists of 331 928 270 registered shares (December 31, 2012: 325 964 498 registered shares) with a nominal value of CHF 1.

Accounting principles

Company operations
OC Oerlikon Corporation AG, Pfäffikon is a Swiss public company located in Freienbach SZ, Churerstrasse 120, Pfäffikon SZ. It is the ultimate parent company of the Oerlikon Group, a leading high-tech industrial group specializing in machine and plant engineering and a provider of innovative industrial solutions and cutting-edge technologies for manmade fibers manufacturing, drive, vacuum, coating, and advanced nanotechnology.

Basis of preparation
The consolidated interim financial statements of OC Oerlikon Corporation AG, Pfäffikon have been prepared in accordance with International Financial Reporting Standards (IFRS) and Swiss company law. These accounting standards have been applied consistently in all periods presented in this report. The reporting period is six months. The consolidated income statement shows operating costs grouped by function. Assets and liabilities in the consolidated balance sheet are classified as current or non-current. The unaudited consolidated interim financial statements for the first half year of 2013 are presented in a condensed form and are in accordance with IAS 34 Interim Financial Reporting. The consolidated interim financial statements do not include all the details contained in the consolidated annual financial statements and should therefore be read in conjunction with the annual consolidated financial statements as of December 31, 2012. The consolidated interim financial statements were approved by the Board of Directors on August 5, 2013. All amounts in the consolidated interim financial statements are presented in millions of Swiss francs (CHF million) and all amounts (including totals and subtotals) have been rounded according to normal commercial practice. Thus an addition of the figures presented can result in rounding differences.

Judgments, estimates and assumptions
Preparation of the consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the values of reported revenues, expenses, assets, liabilities and contingent liabilities at the reporting date. These estimates and assumptions are constantly being revised. Depending on the issues involved, revision of such assumptions can have an effect on the current period as well as potentially on future periods. These estimates, judgments and assumptions are based on historical experience and other factors that are believed to be reasonable and justified as expectations of future events. However, actual results can differ from these estimates. The same significant assumptions and estimates were made by management for these consolidated interim financial statements as for the annual consolidated financial statements as of December 31, 2012.

Seasonality
The Oerlikon Group operates in industries where sales are not subject to significant seasonal or cyclical variations during the financial year.

Significant accounting policies
The accounting policies in this interim financial report match those applied in the audited annual consolidated financial statements as of December 31, 2012, with exception of the changes shown below under “Adoption of new and revised accounting standards”.

Adoption of new and revised accounting standards

The International Accounting Standards Board (IASB) has published a number of new and revised standards and interpretations which have been applied by the Oerlikon Group since January 1, 2013:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurements
- IAS 19 (revised) – Employee Benefits
- IAS 27 (revised) – Separate Financial Statements
- IAS 28 (revised) – Investments in Associates and Joint Ventures
- IFRS 7 amended – Offsetting Financial Assets and Liabilities
- IAS 1 amended – Presentation of Items of Other Comprehensive Income
- Improvements to IFRSs (May 2012)
- Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

With the exception of IAS 19 revised, the new and revised accounting standards have no material impact on the Group’s results or financial position. The nature and the effects of the changes most relevant to the Group’s financial statements are explained below.

IAS 19 (revised) – Employee Benefits: The main impacts of the adoption of IAS 19 (revised) on the Group’s financial reporting are as follows:

- Net interest on the net defined benefit liability comprises of interest income on plan assets, interest cost on the defined benefit obligation and interest on the effect of the limit on the recognition of pension assets. The net interest is calculated using the same discount rate that is used in calculating the defined benefit obligation, applied to the net defined liability at the start of the period, taking into account any changes from contribution or benefit payments. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return. The impact on the restated 2012 results was an increase of financial expense by CHF 3 million for the half year and CHF 7 million for the full year. The related tax impact (decrease of income tax expense) is CHF 1 million for the half year and CHF 2 million for the full year.
- The impact of the “risk sharing” in the Swiss benefit plans as of January 1, 2012 was a decrease in non-current post-employment benefit provisions by CHF 3 million and a decrease in deferred tax assets by CHF 1 million, leading to a net increase of retained earnings of CHF 2 million. The impact on the 2012 results and financial position is not material.

The ongoing impacts for 2013 and beyond are expected to be of a similar magnitude.

The other amendments to IAS 19 “Employee benefits” have no material impact on the Group’s results or financial position. In particular, the requirement to directly recognize actuarial gains and losses from defined benefit plans in other comprehensive income (which eliminates the option known as the ‘corridor method’ to defer such gains and losses), has no impact on the Group’s financial statements since this requirement is already in line with the Group’s previous accounting policy.

Presentation of Items of Other Comprehensive Income (IAS 1 amended): As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that may be reclassified to the income statement in the future from those that would not. The 2012 comparative information has been restated for this change. The change had no impact on the Group’s overall results and financial position.

IFRS 13 – Fair Value Measurements: IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. IFRS 13 unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 ‘Financial Instruments: Disclosures’. The change had no impact on the measurements of the Group’s assets and liabilities and would not result in significant additional disclosures (financial risk management, fair value hierarchy and fair value vs. carrying amounts of financial assets and liabilities) compared to December 31, 2012. Therefore, no additional disclosures are provided in the interim consolidated financial statements 2013.

Future new and revised standards
The Group is currently assessing the potential impacts of other new and revised standards and interpretations that will be effective from 1 January 2014 and beyond. Based on the analysis to date, the Group does not anticipate that these will have a material impact on the Group’s overall results and financial position.

Segment reporting

The segment reporting of the Oerlikon Group is in accordance with the "Management Approach" and based on the internal structure and reporting. The "General Management Team" is an advisory body to the Chief Executive Officer (CEO). The CEO performs the function of the Chief Operating Decision Maker (CODM) and assesses performance and makes resource allocation decisions. The internal reporting to the "General Management Team" and the Board of Directors is based on uniform Group accounting principles which correspond to those used in the consolidated financial statements.

According to the internal segment reporting the Group consists of the following reportable segments:

– Manmade Fibers Segment (formerly Textile Segment) develops and manufactures textile machinery.
– Drive Systems Segment manufactures gears and other components for power transmission, mainly in motor vehicles.
– Vacuum Segment develops application- and customer-specific systems for the creation of vacuums and extraction of processing gases.
– Coating Segment supplies metal coatings that improve the performance of tools and precision components, offering coating services at 91 centers worldwide.
– Advanced Technologies Segment develops applications and technologies, from which the highest precision and accuracy is required and mainly specializes in nanotechnology.

Adjustment of previously reported figures

Certain comparative figures for 2012 have been restated, reclassified or supplemented to conform to the current year. The following changes to the manner of presentation have been made:

Discontinued operations: Following the announcement of the divestment of the Natural Fibers and Textile Components Business Units, the respective figures are shown as discontinued operations and certain 2012 figures have been restated in accordance with IFRS 5. The effects of the adjustments to the consolidated income statement for the period from January 1 to June 30, 2012 are shown in the table below.

Adoption of IAS 19 (revised): The effects from the adoption of IAS 19 (revised) on the consolidated income statement for the period from January 1 to June 30, 2012 are shown in the table below.

Cash Flow Statement: The presentation of the cash flows from operating and financing activities is in line with the changes carried out in the consolidated financial statements 2012. The comparative figures for the 2012 half year have been reclassified to conform to the 2013 half year presentation. The reclassification of the prior year figures concerns the line items "Other financial expense/income (net)" and "Other non-cash items" and had no material effect.

in CHF million	January 1 to June 30, 2012 unaudited, reported	Discontinued operations	Adoption of IAS 19 (revised)	**January 1 to June 30, 2012 unaudited, restated**
Sales of goods	1 548	–401	–	1 147
Services rendered	403	–72	–	331
Total sales	**1 951**	**–473**	**–**	**1 478**
Cost of sales	–1 432	367	–	–1 065
Gross profit	**519**	**–106**	**–**	**413**
Marketing and selling	–109	30	–	–79
Research and development	–77	23	–	–54
Administration	–118	17	–	–101
Restructuring costs	–2	–	–	–2
Other income	63	–1	–	62
Other expense	–9	3	–	–6
Result before interest and taxes (EBIT)	**267**	**–34**	**–**	**233**
Financial income	35	3	–	38
Financial expense	–44	–3	–3	–50
Result before taxes (EBT)	**258**	**–34**	**–3**	**221**
Income taxes	–75	14	1	–60
Result from continuing operations	**183**	**–20**	**–2**	**161**
Result from discontinued operations	–69	20	–	–49
Net income	**114**	**–**	**–2**	**112**

Segment information

in million CHF	Manmade Fibers Segment 2013	Manmade Fibers Segment 2012	Drive Systems Segment 2013	Drive Systems Segment 2012	Vacuum Segment 2013	Vacuum Segment 2012	Coating Segment 2013	Coating Segment 2012
Order intake	**540**	**549**	**408**	**444**	**206**	**195**	**251**	**253**
Order backlog	**599**	**682**	**152**	**202**	**85**	**79**	**–**	**–**
Sales								
Sales to third parties	563	542	389	449	196	191	251	253
Sales to other segments	–	–	–	–	2	2	1	1
Eliminations	–	–	–	–	–2	–2	–1	–1
	563	**542**	**389**	**449**	**196**	**191**	**251**	**253**
Sales by market region to third parties								
Asia / Pacific	406	413	42	45	74	67	73	73
Europe	94	54	200	192	86	86	125	128
North America	43	19	125	195	33	36	33	35
Other regions	20	56	22	17	3	2	20	17
	563	**542**	**389**	**449**	**196**	**191**	**251**	**253**
Sales by location to third parties								
Asia / Pacific	152	165	59	48	63	55	72	74
thereof China	150	157	12	5	30	24	17	14
Europe	401	361	215	235	99	100	128	130
thereof Switzerland	–	1	–	–	–	–	26	26
Germany	401	360	–	–	99	99	51	52
Italy	–	–	213	233	–	–	7	6
North America	7	15	115	166	34	36	33	32
Other regions	3	–	–	–	–	–	18	17
	563	**542**	**389**	**449**	**196**	**191**	**251**	**253**
Capital expenditure for property, plant and equipment and intangible assets								
Asia / Pacific	1	7	9	11	–	2	5	9
Europe	9	5	12	8	6	6	15	4
North America	–	–	4	8	–	–	2	2
Other regions	–	–	–	–	–	–	1	–
	10	**12**	**25**	**27**	**6**	**8**	**23**	**15**
EBITDA	**98**	**116**	**34**	**62**	**29**	**31**	**73**	**74**
EBIT	**89**	**106**	**11**	**39**	**23**	**24**	**51**	**53**
Financial Expense / Income								
EBT								
Other material items								
Research and development expense	–15	–15	–6	–7	–10	–10	–16	–16
Depreciation and amortization	–9	–10	–23	–23	–7	–7	–23	–21
Restructuring costs	–1	–	–	–	–	–	–	–
Assets	**30/06/13**	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12
Operating Assets [2]	736	715	1 179	1 132	286	249	418	402
Non-operating Assets								
Total Assets								
Liabilities								
Operating liabilities [3]	733	684	218	173	88	70	67	70
Non-operating liabilities								
Total liabilities								
Number of employees	**30/06/13**	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12
Asia / Pacific	926	980	2 323	2 010	380	357	998	987
Europe	1 511	1 496	1 959	1 902	1 043	1 052	1 649	1 609
North America	99	35	990	1 265	87	82	314	302
Other regions	–	–	–	–	–	–	230	228
	2 536	**2 511**	**5 272**	**5 177**	**1 510**	**1 491**	**3 191**	**3 126**

[1] Discontinued operations include the divestments of the Solar Segment in 2012 and the Natural Fibers and Textile Components Business Units in 2012 and 2013.

[2] Operating assets include current and non-current operating assets (including goodwill and brands), whereas cash and cash equivalents, current and non-current financial investments, current tax receivables as well as deferred tax assets are not included.

[3] Operating liabilities include current and non-current operating liabilities, whereas current and non-current financial liabilities, current tax payables and deferred tax liabilities are not included.

	Advanced Technologies Segment		Total Segments		Group / Eliminations		Total from continuing operations		Discontinued operations [1]		Total including discontinued operations	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	71	**60**	**1 476**	**1 501**	**–**	**–**	**1 476**	**1 501**	**596**	**476**	**2 072**	**1 977**
	52	**26**	**888**	**989**	**–**	**–**	**888**	**989**	**398**	**447**	**1 286**	**1 436**
	44	43	1 443	1 478	–	–	1 443	1 478	470	488	1 913	1 966
	–	–	3	3	–3	–3	–	–	–	10		
	–	–	–3	–3	3	3	–	–	–	–10		
	44	**43**	**1 443**	**1 478**	**–**	**–**	**1 443**	**1 478**	**470**	**488**		
	26	26	621	624	–	–	621	624	294	339	915	963
	14	9	519	469	–	–	519	469	94	106	613	575
	4	7	238	292	–	–	238	292	28	22	266	314
	–	1	65	93	–	–	65	93	54	21	119	114
	44	**43**	**1 443**	**1 478**	**–**	**–**	**1 443**	**1 478**	**470**	**488**	**1 913**	**1 966**
	–	–	346	342	–	–	346	342	83	91	429	433
	–	–	209	200	–	–	209	200	69	79	278	279
	40	36	883	862	–	–	883	862	358	375	1 241	1 237
	27	28	53	55	–	–	53	55	38	45	91	100
	13	8	564	519	–	–	564	519	316	325	880	844
	–	–	220	239	–	–	220	239	–	–	220	239
	4	7	193	256	–	–	193	256	27	19	220	275
	–	–	21	17	–	–	21	17	2	4	23	21
	44	**43**	**1 443**	**1 478**	**–**	**–**	**1 443**	**1 478**	**470**	**488**	**1 913**	**1 966**
	–	–	15	29	–	–	15	29	1	1	16	30
	1	1	43	24	–	1	43	25	8	9	51	34
	–	–	6	10	–	–	6	10	–	–	6	10
	–	–	1	–	–	–	1	–	–	–	1	–
	1	**1**	**65**	**63**	**–**	**1**	**65**	**64**	**9**	**10**	**74**	**74**
	–1	**–1**	**233**	**282**	**6**	**15**	**239**	**297**	**38**	**–14**	**277**	**283**
	–3	**–3**	**171**	**219**	**3**	**14**	**174**	**233**	**38**	**–30**	**212**	**203**
							–15	**–12**				
							159	**221**				
	–9	–6	–56	–54	–	–	–56	–54	–21	–53	–77	–107
	–2	–2	–64	–63	–1	–1	–65	–64	–	–16	–65	–80
	–	–2	–1	–2	–	–	–1	–2	–1	–1	–2	–3
	30/06/13	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12
	127	117	2 746	2 615	19	22	2 765	2 637	720	682	3 485	3 319
							841	784				
							3 606	**3 421**				
	37	30	1 143	1 027	34	35	1 177	1 062	225	202	1 402	1 264
							1 002	973				
							2 179	**2 035**				
	30/06/13	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12	**30/06/13**	31/12/12
	–	–	4 627	4 334	–	–	4 627	4 334	1 679	1 633	6 306	5 967
	182	170	6 344	6 229	227	210	6 571	6 439	1 925	1 977	8 496	8 416
	17	18	1 507	1 702	–	–	1 507	1 702	–	63	1 507	1 765
	–	–	230	228	–	5	230	233	53	58	283	291
	199	**188**	**12 708**	**12 493**	**227**	**215**	**12 935**	**12 708**	**3 657**	**3 731**	**16 592**	**16 439**

Notes to the consolidated interim financial statements

Changes in scope of consolidation

During the first half year 2013, the following significant changes in scope of consolidation have occured:

– On June 3, 2013, Oerlikon Balzers Philippines Inc. was founded.
– On June 14, 2013, Graziano Trasmissioni Group AG was merged into Saurer AG.
– During the first half year 2013, the Group purchased non controlling interest in Fairfield Atlas Ltd., increasing the ownership to 93.74 %.

On December 3, 2012, the Oerlikon Group agreed to sell the business units Natural Fibers and Textile Components. The transaction was closed on July 3, 2013, please also refer to note “Subsequent events”.

Discontinued operations and assets and liabilities classified as held for sale

Divestment of the Solar Segment
On March 2, 2012, the Oerlikon Group agreed the terms of a divestment of its Solar Segment to a leading global supplier of semiconductor production equipment, Tokyo Electron Limited (TEL) of Japan. The transaction closed on November 26, 2012. In connection with this divestment, Oerlikon has assumed specifically restricted representations for disclosure of claims with a notification duration which lapses in 2013. Based on estimates and assumptions made by management, neither a provision is recorded nor a contingent liability is disclosed as of June 30, 2013.

Divestment of the Natural Fibers and Textile Components Business Units
On December 3, 2012, the Oerlikon Group signed an agreement with the Jinsheng Group of China to divest the Natural Fibers and Textile Components Business Units from its Textile Segment. The sale was closed on July 3, 2013; please refer to Note “Subsequent events”. The Natural Fibers and Textile Components Business Units are presented as a disposal group held for sale. On June 30, 2013, the disposal group comprised assets of CHF 832 million less liabilities of CHF 268 million. The disposal group was not a discontinued operation or classified as held for sale as of June 30, 2012, and the comparative consolidated statement of comprehensive income has been represented to show the discontinued operation separately from continuing operations. In connection with this divestment, Oerlikon has assumed certain customary obligations like warranty obligations and indemnifications. The indemnification obligations cover in particular employment-, intellectual property- and environment-related topics. The duration and overall liability caps for these indemnifications vary, but are customary for transactions of this nature. Based on estimates and assumptions made by management, neither a provision is recorded nor a contingent liability is disclosed as of June 30, 2013.

Divestment of property in Germany
Following the commitment of Oerlikon Group in December 2012 to sell a property in Germany, the respective assets amounting to CHF 24 million have been classified as held for sale as per December 31, 2012. The sale was finalized in January 2013.

Result of discontinued operations

	January 1 to June 30, 2013 unaudited		January 1 to June 30, 2012 unaudited		
in CHF million	Natural Fibers and Textile Components	**Total**	Solar	Natural Fibers and Textile Components	**Total**
Sales	**470**	**470**	**15**	**473**	**488**
Total expenses	–439	–439	–81	–439	–520
Result before taxes (EBT) from discontinued operations	**31**	**31**	**–66**	**34**	**–32**
Income taxes	6	6	–3	–14	–17
Result from discontinued operations	**37**	**37**	**–69**	**20**	**–49**
Attributable to:					
Shareholders of the parent	37	37	–69	20	–49
Non-controlling interest	–	–	–	–	–
Earnings per share in CHF	0.11	0.11	–0.21	0.06	–0.15
Fully diluted earnings share in CHF	0.11	0.11	–0.21	0.06	–0.15

Discontinued operations and assets and liabilities classified as held for sale

Cash flows from discontinued operations

in CHF million	January 1 to June 30, 2013 unaudited Natural Fibers and Textile Components	January 1 to June 30, 2013 unaudited Total	January 1 to June 30, 2012 unaudited Solar	January 1 to June 30, 2012 unaudited Natural Fibers and Textile Components	January 1 to June 30, 2012 unaudited Total
Cash flow from operating activities	–8	–8	11	36	47
Cash flow from investing activities	–7	–7	–6	–6	–12
Cash flow from financing activities	–	–	–5	–	–5
Net cash flows from discontinued operations	–15	–15	–	30	30

Disposal group classified as held for sale

The assets and liabilities of the disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately in the balance sheet. No losses on remeasurement have been incurred.

The following assets and liabilities have been classified as held for sale:

Assets classified as held for sale

in CHF million	June 30, 2013 unaudited	December 31, 2012
Cash and cash equivalents	59	22
Current financial investments and derivatives	1	2
Trade receivables	157	137
Other receivables	9	13
Current tax receivables	2	2
Inventories	175	125
Prepaid expenses and accrued income	2	2
Loans and other non-current financial receivables	2	2
Non-current financial investments	1	3
Property, plant and equipment [1]	124	137
Intangible assets	289	281
Post-employment benefit assets	8	8
Deferred tax assets	3	3
Total assets classified as held for sale	**832**	**737**

[1] Includes CHF 24 million related to the property in Germany as per December 31, 2012 – refer to "Divestment of property in Germany".

Liabilities classified as held for sale

in CHF million	June 30, 2013 unaudited	December 31, 2012
Trade payables	102	104
Other current liabilities	14	12
Accrued liabilities	40	27
Current customer advances	51	38
Current income taxes payable	5	3
Other current provisions	15	16
Non-current post-employment benefit provisions	33	34
Deferred tax liabilities	7	3
Other non-current provisions	1	2
Total liabilities classified as held for sale	**268**	**239**

Provisions

in CHF million	Product warranties	Onerous contracts [1]	Restructuring [2]	Other provisions [3]	**Total**
Balance at January 1, 2013	36	3	5	17	**61**
Conversion differences	1	–	–	–	**1**
Additions	15	–	1	3	**19**
Amounts used	–8	–	–2	–2	**–12**
Amounts reversed	–3	–	–	–3	**–6**
Balance at June 30, 2013	**41**	**3**	**4**	**15**	**63**
Due within 1 year	41	–	4	13	**58**
Due beyond 1 year [4]	–	3	–	2	**5**

[1] Provisions are made for cases where the costs of fulfilling contractual obligations are higher than their expected economic benefit. During the preparation of the financial statements, a systematic reassessment of the project risks was conducted and appropriate adjustments were made to the cost estimates for the projects underway in the individual Business Units. The basis for such was the so-called "most likely outcome". This requires estimates to be made with regard to the technical and time-related realization of those projects, and also includes a quantification of the relevant risks.

[2] The restructuring provisions pertain to the Segments Vacuum (CHF 2 million) and Manmade Fibers (CHF 2 million).

[3] Other provisions cover various risks which occur in the normal course of business. They consist mainly of provisions for pending litigation and technical risks.

[4] For the long-term provisions, the cash outflow is assumed to be within the next two to three years.

Remeasurements of defined benefit plans

Remeasurements of defined benefit plans in the first half year 2012 in the amount of CHF –63 million in other comprehensive income were mainly a result of a decrease in the discount rates used in actuarial calculations as of June 30, 2012 compared to December 31, 2011. In the first half year 2013, the discount rates used in actuarial calculations as of June 30, 2013 remained stable compared to December 31, 2012.

Subsequent events

On December 3, 2012, the Oerlikon Group signed an agreement with the Jinsheng Group of China to divest the Natural Fibers and Textile Components Business Units from its Textile Segment. The transaction closed on July 3, 2013. The total expected consideration amounts to CHF 617 million. CHF 586 million of the total consideration have been received as cash and cash equivalents. The Oerlikon Group anticipates to report a loss on disposal of CHF 97 million in 2013. This amount includes a loss on the reclassification of cumulative exchange differences up to the closing date previously recognized in other comprehensive income (equity) of CHF 114 million.

The effect of the disposal of the Natural Fibers and Textile Components Business Units on the financial position can be summarized as follows:

in CHF million

Cash and cash equivalents	–59
Trade and other receivables	–169
Inventories	–175
Prepaid expenses and accrued income	–2
Non-current financial investments	–3
Property, plant and equipment	–124
Intangible assets	–289
Post-employment benefit assets	–8
Deferred tax assets	–3
Trade and other payables	116
Accrued liabilities	40
Current customer advances	51
Current income taxes payable	5
Other current provisions	15
Non-current post-employment benefit provisions	33
Deferred tax liabilities	7
Other non-current provisions	1
Net assets and liabilities	**–564**
Consideration received (cash and cash equivalents)	586
Cash and cash equivalents disposed of	–59
Net cash inflow	**527**

No other events occurred between the balance sheet date and the date on which this report was approved by the Board of Directors which could have a significant impact on the consolidated interim financial statements as of June 30, 2013.