Media release

Annual Results 2011

New profitability level with 10 % EBIT margin

- Fundamental improvements across the Group led to strong profits in 2011:
  - EBITDA significantly higher at CHF 605 million (2010: CHF 278 million)
  - EBIT increased to CHF 419 million (2010: CHF 51 million), reaching an Oerlikon record EBIT margin of 10 % (2010: 1 %)
  - Net profit reached CHF 224 million (2010: CHF 5 million)
  - Improved credit profile with net debt reduced to CHF 86 million (2010: CHF 274 million)
- Dividend policy announced with a payout of up to 40 % of net profit. Payout of CHF 0.20 per share for 2011 will be recommended to the Annual Shareholders Meeting in April 2012.
- Outlook for 2012: Increase of profitability level with EBIT margin of around 11 %. Order intake and sales are expected to decrease slightly.

Group Overview

Key figures Oerlikon Group as per December 31, 2011 (in CHF million)

	2011	2010	Change	%
Order intake	4 043	4 520	–477	–11
Order backlog	1 481	1 702	–221	–13
Sales (to third parties)	4 182	3 601	581	16
EBITDA	605	278	327	>100
EBIT	419	51	368	>100
Net profit	224	5	219	>100
Cash flow from operating activities*	541	354	187	53
Employees	17 227	16 657	570	3
Personnel expense	984	1 015	–31	–3

*Before changes in net current assets

Pfäffikon SZ, March 5, 2012. The Oerlikon Group reported further substantial performance improvements in 2011, with sales increasing by 16 % to CHF 4.2 billion and Group profitability delivering a record EBIT margin of 10 %. These results reflect the company's extensive change process that led to record profitability in the Textile, Coating and Vacuum Segments. Measures have been taken throughout the Group to improve Operational Excellence, focus on innovation and expand in growth markets. These actions have strengthened the company's underlying performance considerably and leave it well positioned for continued sustainable and profitable growth.

Dr Michael Buscher, CEO of Oerlikon Group, said: "These results demonstrate the success of our operational and strategic transformation. The changes we have made to improve our performance and develop key markets are an intermediate step to becoming best-in-class in our businesses, and to generating sustainable profitable growth – a multi-year agenda, in which 2011 marked an important milestone. The announced divestment of our Solar Segment fully supports this agenda."

Although Oerlikon faces challenges arising from economic uncertainty going forward, the company remains confident that the 2011 performance can be built upon in 2012. Oerlikon Group CFO Jürg Fedier comments: "Our financial position continues to strengthen. We further improved our credit profile by significantly reducing net debt in 2011 and we continued to generate strong operating cash flow. To this end, the Board of Directors put in place a dividend policy with a payout of up to 40 % of net profit. We will recommend a dividend of CHF 0.20 per share distributed from the reserve from capital contribution for 2011 at the Annual Shareholder Meeting in April."

Group Overview

Strong sales growth and healthy order books

Sales rose 16 % in 2011 to CHF 4.2 billion from CHF 3.6 billion in 2010. Stripping out currency effects, sales would have risen 30 % to CHF 4.7 billion. Sales grew across the Group and were particularly strong in Oerlikon Textile, which delivered a 23 % increase to CHF 2.0 billion. As forecast, 2011 order intake was 11 % lower at CHF 4 billion after an exceptional 2010 (CHF 4.5 billion), a year in which customer orders were unusually high as they recovered from the crisis of 2008 and 2009. Order backlog was 13 % lower, at CHF 1.5 billion (2010: CHF 1.7 billion) for the same reason. The book-to-bill ratio was 0.97 (2010: 1.26), indicating established sales development. Adjusted for currency effects, order intake and backlog would have been flat year-on-year.

Expansion in emerging markets

Geographically, the Group sharpened its focus on Asia to further leverage the considerable growth opportunities in the region. China is now Oerlikon's largest location worldwide and represents 40 % of Textile Segment sales. Overall sales in Asia grew to 49 % of the 2011 total, with China remaining the driving force. There were minor changes in the proportion of sales from North America and Europe, which account for 15 % and 28 % respectively. Other Regions accounted for 8 %.

During 2011, Oerlikon Coating opened an additional coating center in India and two more in China, bringing the number of centers in that country to nine. Asia is a key area of focus for all of Oerlikon's Segments and further expansion is planned. The Textile Segment announced the relocation of its headquarters to Shanghai, Oerlikon Vacuum expanded its production site in Tianjin, boosting capacity by 30 %, and Oerlikon Drive Systems has begun operating its new production facility in Suzhou.

Technology leadership for best-in-class industry positions

Innovation is at the core of Oerlikon's philosophy. Innovative products differentiate the company in its markets and investment into research and development (R&D) is important for the company's success. R&D expenditure in 2011 was CHF 213 million or 5 % of sales (2010: CHF 239 million). In 2011, the company launched a number of groundbreaking innovations, including seven completely redesigned textile machines, new transmission systems for Lamborghini, Aston Martin and McLaren unveiled at the Geneva Motor Show, a new series of electric-drive Torque-Hub products for off-highway heavy duty applications, the MAGiNTEGRA vacuum pump, a second generation of the ThinFab™ solar module production line, the pioneering coating technology Scalable Pulsed Power Plasma (S3p™) and the HEXAGON, a new coating system for advanced packaging in the semiconductor industry.

Operational Excellence drives profitability

Profitability across the Oerlikon Group improved considerably in 2011, with EBITDA reaching CHF 605 million, up from CHF 278 million in 2010, representing a margin of 14 % and EBIT reaching CHF 419 million, or a 10 % margin. The strong Swiss franc had a negligible effect on margins as only about 10 % of Oerlikon's cost base is Swiss franc denominated (including Oerlikon Solar). The Textile, Coating and Vacuum Segments achieved record margins in 2011, while the Solar, Drive Systems and Advanced Technologies Segments also showed margin increases. This increased profitability reflects the company's Operational Excellence initiatives across all the Segments. The systematic, fundamental transformation of processes has resulted in increased efficiency and a higher 'sales-per-employee' ratio. All Segments had substantial business process improvements in 2011 and will continue to further streamline operations.

Robust financial base for future growth

The Group continues to strengthen its balance sheet to ensure a robust financial base for the future. Strong 2011 operational performance resulted in a significant increase in cash flow. Cash flow from operating activities before changes in net current assets improved to CHF 541 million in 2011, up from CHF 354 million in 2010. The Group kept net current assets stable at CHF 754 million, compared with CHF 726 million at the end of 2010. The company's capital expenditure (CAPEX) totaled CHF 167 million, 11 % higher than in 2010. The CAPEX to depreciation ratio increased to 0.95, slightly below the mid-term target of 1.0 to 1.2.

The net financing result amounted to CHF –104 million (previous year: CHF –58 million). The Group is evaluating refinancing options to further reduce financing expenses and to diversify its sources of funding. Higher profits increased taxes to CHF 91 million (2010: tax income of CHF 12 million), leading to a Group tax rate of 29 %. Net profit grew to CHF 224 million in 2011, up from CHF 5 million in 2010. As a result, the equity ratio rose from 32 % to 35 %. Oerlikon further improved its credit profile: net debt was reduced to CHF 86 million in 2011 from CHF 274 million in 2010, which represents gearing (net debt/equity) of 5 % (2010: 19 %) and a leveraging of net debt/EBITDA ratio of 0.14 (2010: 0.99).

Outlook 2012

The global economic environment is uncertain and remains difficult to assess. Oerlikon remains focused on further improving Operational Excellence to strengthen underlying performance. Processes and tools to improve forecasting and optimize break-even sales levels have been introduced across the Group. While the outlook for some countries points to flat or declining economic growth, Oerlikon's high proportion of sales in Asia, China and India in particular should help offset declines in other areas.

Based on stable currencies and the closing of the Oerlikon solar transaction, the company forecasts order intake and sales for 2012 to decrease slightly by up to 5 % (like-for-like), and profitability to increase to an EBIT margin of around 11 %.

Segment Overview

Key figures Oerlikon Textile as per December 31, 2011 (in CHF million)

	2011	2010	Change	%
Order intake	1 977	2 509	–532	–21
Order backlog	1 053	1 197	–144	–12
Sales (to third parties)	2 037	1 653	384	23
EBIT	183	21	162	>100

Oerlikon Textile: In 2011, the world's leading producer of textile machinery reported a record EBIT of CHF 183 million, a margin of 9 %. As expected, order intake was lower at CHF 1 977 million after the record high in 2010 of CHF 2 509 million. The main reason for this was the weaker demand for natural fibers in the second half of the year, a development fueled in part by higher cotton prices. Demand stabilized in the second half of the year at a more moderate level. The market for manmade fibers, however, remained high as Chinese domestic demand stimulated growth after government policies were introduced to encourage a switch out of natural fibers. 2011 order backlog for the Segment was CHF 1 053 million, compared to 2010's CHF 1 197 million, again because of weaker demand for natural fibers. The Segment's order book now extends into 2014. Sales were high at CHF 2 037 million, up 23 % on 2010, driven by the strong order book.

Regionally, the primary growth areas were China and India. Europe, Turkey, South America and the US also grew slightly, while Middle East markets were broadly stable. The Segment's focus remains on Asia, which is expected to remain Oerlikon Textile's most important market. Operationally, the Segment has simplified its structure, merging five Business Units into three:

- Oerlikon Barmag and Neumag have combined to become Manmade Fibers,
- Oerlikon Schlafhorst and Saurer have combined to become Natural Fibers,
- No changes at Textile Components.

Going forward, the Segment expects further underlying performance improvements in 2012 to deliver slightly improved profitability. Sales and order intake, however, are

OC Oerlikon Management AG, Pfäffikon
Churerstrasse 120
P.O. Box
CH-8808 Pfäffikon SZ

Telephone +41 58 360 96 96
Fax +41 58 360 91 96
www.oerlikon.com

expected to decline slightly. Oerlikon Textile anticipates continued growth in Manmade Fibers, a stable year for Textile Components and a decrease in sales in Natural Fibers.

Key figures Oerlikon Drive Systems as per December 31, 2011 (in CHF million)

	2011	2010	Change	(%)
Order intake	892	792	100	13
Order backlog	213	137	76	55
Sales (to third parties)	821	733	88	12
EBIT	49	–27	76	n/a

Oerlikon Drive Systems: The Segment increased profitability significantly in 2011 with an EBIT of CHF 49 million, or a 6 % margin, primarily through efficiencies achieved through Operational Excellence programs. Order intake was up 13 % at CHF 892 million (2010: CHF 792 million) and order backlog was 55 % higher at CHF 213 million (2010: CHF 137 million). This growth was fueled by high global demand for heavy agricultural equipment, as well as equipment to the energy sector. Construction machinery and material handling also delivered growth, and demand for innovative transmission systems for high performance cars remained strong. Sales increased 12 % overall, to CHF 821 million in 2011 from CHF 733 million in 2010. Regionally, Asia – China and India in particular – remains key growth markets in the future for the Segment, with sales in 2011 up 9 % representing 11 % of total Segment sales. North America and Europe also performed well, where the agricultural market showed modest growth. The Segment has begun operations at its new production facility in Suzhou, China. Going forward, the Segment expects slight sales growth from steady demand in existing markets and further increases in profitability from Operational Excellence programs.

OC Oerlikon Management AG, Pfäffikon
Churerstrasse 120
P.O. Box
CH-8808 Pfäffikon SZ

Telephone +41 58 360 96 96
Fax +41 58 360 91 96
www.oerlikon.com

Key figures Oerlikon Vacuum as per December 31, 2011 (in CHF million)

	2011	2010	Change	%
Order intake	400	438	–38	–9
Order backlog	77	84	–7	–8
Sales (to third parties)	409	410	–1	0
EBIT	59	30	29	97

Oerlikon Vacuum: The Segment reached a record EBIT of CHF 59 million in 2011, or a 14 % margin, as a result of its focus on profitability through Operational Excellence. Order intake normalized, down 9 % to CHF 400 million, following CHF 438 million in 2010, an exceptional year in which customer orders were unusually high as they recovered from the crisis of 2008 and 2009. Order backlog reduced slightly to CHF 77 million (2010: CHF 84 million). Sales stabilized at CHF 409 million (2010: CHF 410 million), with strong growth in the solutions consulting and engineering services business offset by some weakness in the solar industry. Consistent with Oerlikon's overall strategy, the Vacuum Segment is focused on Asia. The Segment added 30 % new capacity in China to better capitalize on growth in the region and to gain market share. The Segment is also benefiting from continued investment in innovation, which has delivered new products, such as the MAGiNTEGRA vacuum pump, that reinforce its position as a technology leader in high performance vacuum systems. Oerlikon Vacuum foresees further margin improvement but stable sales in a more challenging environment.

Key figures Oerlikon Solar as per December 31, 2011 (in CHF million)

	2011	2010	Change	%
Order intake	202	230	–28	–12
Order backlog	130	255	–125	–49
Sales (to third parties)	323	254	69	27
EBIT	–10	–59	49	n/a

Oerlikon Solar: Oerlikon Solar faced extremely challenging market conditions characterized by production overcapacities, significant price declines and a general downturn of the industry as a whole. The Segment suffered from lack of customer investment in solar module production lines and is thus reporting a loss for the year. Although Oerlikon Solar received its first order from Asia for a complete 120 megawatt ThinFab™ production line, 2011 order intake was 12 % lower at

CHF 202 million (2010: CHF 230 million), with order backlog decreasing to CHF 130 million. Sales were 27 % higher, as existing orders were completed, at CHF 323 million (2010: CHF 254 million). The Segment continues to focus on reducing costs and making improvements to boost Operational Excellence. It also continues to further penetrate markets with new innovations. The 2nd generation ThinFab™ production line was launched at the end of 2011, which delivers reduced investment cost (CAPEX) of just USD 1/Wp and module production costs of just USD 0.5/Wp – currently the lowest production costs in the solar industry.

On March 2, 2012, the Group announced plans to divest the Solar Segment to Tokyo Electron Limited of Japan. This transaction is subject to merger control approvals and is expected to close over a period of several months.

Key figures Oerlikon Coating as per December 31, 2011 (in CHF million)

	2011	2010	Change	%
Order intake	484	422	62	15
Order backlog	n/a	n/a	n/a	n/a
Sales (to third parties)	484	422	62	15
EBIT	97	52	45	87

Oerlikon Coating: The Segment delivered excellent performance in 2011, with an EBIT of CHF 97 million, or a margin of 20 %. Sales in Oerlikon's most profitable Segment climbed by 15 % to CHF 484 million, fueled by a recovery in the automotive industry, particularly in Europe. The Segment also expanded significantly in Asia, with two new coating centers in China and one in India. The Segment continues to invest in R&D, reinforcing its position as a technology leader in the industry. A 2011 highlight was the market introduction of the pioneering technology Scalable Pulsed Power Plasma (S3p™) and its coating system INGENIA. Together, these deliver increased resilience, higher quality, better precision and expanded productivity standards for customers. The Segment now has 87 coating centers worldwide and will continue to expand in 2012, both with new centers and the roll-out of new technologies into existing centers. The outlook for Oerlikon Coating is positive, growing with stable margins.

OC Oerlikon Management AG, Pfäffikon
Churerstrasse 120
P.O. Box
CH-8808 Pfäffikon SZ

Telephone +41 58 360 96 96
Fax +41 58 360 91 96
www.oerlikon.com

Key figures Oerlikon Advanced Technologies as per December 31, 2011 (in CHF million)

	2011	2010	Change	%
Order intake	88	129	–41	–32
Order backlog	8	29	–21	–72
Sales (to third parties)	108	129	–21	–16
EBIT	11	10	1	10

Advanced Technologies: Despite 16 % lower sales in 2011 of CHF 108 million, the Segment increased its profitability to an EBIT of CHF 11 million, or a margin of 10 %, driven by considerable operational improvements. Both order intake and backlog were lower than in the year before, as the markets for blu-ray disc production equipment and crystalline solar systems showed weakness throughout the year. The Segment faced a very challenging market environment in 2011, with overcapacity in the solar industry throughout the year and weakening demand in the semiconductor industry throughout the second half. There is, however, clear interest in a number of new solutions for the semiconductor industry which are currently being qualified with customers and showing considerable potential. Going forward, although the solar technology market is expected to remain weak in 2012, the Segment sees a certain amount of growth potential in the semiconductor market, particularly in the areas of advanced packaging, power semiconductors and solid state lighting. In this market environment, the Segment expects modest sales increase under continuing margin pressure.

About Oerlikon

Oerlikon (SIX: OERL) is a leading high-tech industrial group specializing in machine and plant engineering. The Company is a provider of innovative industrial solutions and cutting-edge technologies for textile manufacturing, drive, vacuum, thin film, coating, and advanced nanotechnology. A Swiss company with a tradition going back over 100 years, Oerlikon is a global player with more than 17 000 employees at over 150 locations in 38 countries and sales of CHF 4.2 billion in 2011. The Company invested in 2011 CHF 213 million in R&D, with over 1 200 specialists working on future products and services. In most areas, the operative businesses rank either first or second in their respective global markets.

Additional information

Oerlikon will discuss its results during its press conference today starting at 9.00 am CET and during its analysts' conference beginning at 1.00 pm CET. The press and analyst conference will take place at the Swiss Stock Exchange (Convention Point) and will be broadcast via internet webcast (www.oerlikon.com).

Media release including a full set of tables: www.oerlikon.com/pressreleases

Annual Report 2011: www.oerlikon.com/ir/ar2012

For further information please contact:

Media Relations
Burkhard Böndel
Phone +41 58 360 96 02
Fax +41 58 360 91 93
pr@oerlikon.com
www.oerlikon.com

Investor Relations
Andreas Schwarzwälder
Phone +41 58 360 96 22
Fax +41 58 360 98 22
ir@oerlikon.com
www.oerlikon.com