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Media Release

First quarter results 2013

Oerlikon continues solid profitability in challenging environment

- Order intake increased by 1 % year-over-year to CHF 763 million; book-to-bill ratio above 1
- Sales close to prior year level at CHF 723 million
- EBIT margin at 11.8 % (Q1 2012: 13.1 % on a like-for-like basis)
- Strong performance in Textile and Coating Segments, improvements in the Vacuum Segment, Drive Systems and Advanced Technologies Segments impacted by challenging environment
- Strong sales growth in Europe (+15 %) and China (+9 %)
- ROCE at 17.0 %
- Outlook for full year 2013 confirmed

Key figures Oerlikon Group as of March 31, 2013 (in CHF million)

	Q1 2013[1]	Q1 2012[1]	Δ	%
Order intake	763	756	+7	+1 %
Order backlog	894	965	-71	-7 %
Sales	723	737	-14	-2 %
EBIT	85	136	-51	-38 %
EBIT margin	11.8 %	18.4 %	-	-
EBIT (excl. one-time effect)[2]	85	97	-12	-12 %
EBIT margin (excl. one-time effect)[2]	11.8 %	13.1 %	-	-
ROCE[3]	17.0 %	17.6 %	-	-

[1] Continuing operations (Q1 2012 restated); [2] Sale of Arbon property; [3] As reported

Pfäffikon SZ, Switzerland – May 7, 2013 – In the first quarter of 2013, the Oerlikon Group delivered solid profitability despite a challenging economic environment in major market segments and regions. EBIT amounted to CHF 85 million reflecting an EBIT margin of 11.8 % (Q1 2012: CHF 97 million with a margin of 13.1 % on a like-for-like basis). Business volume remained strong with order intake and sales at levels comparable to the prior year. Main drivers of these results were the Segments Textile and Coating, whose strong performance offset softness in the Drive Systems and Advanced Technologies Segments. Regionally, Europe and Asia showed the strongest growth rates. Oerlikon CEO/CFO Jürg Fedier commented: "Despite the challenging macroeconomic environment, we maintained earnings – largely due to our efforts to variabilize the cost base. Our Q1 results are fully in line with our expectations."

Textile order intake increased by 10 %

Order intake for the Group grew by 1 % to CHF 763 million compared to the first quarter of 2012 (Q1 2012: CHF 756 million). The Textile Segment, its sole focus now on manmade fibers, significantly increased bookings by 10 % to CHF 290 million, representing the strongest quarterly order intake for the manmade fibers business. The Advanced Technologies Segment also recorded a boost in bookings. Order backlog for the Group at the end of the first quarter 2013 decreased by 7 % to CHF 894 million (Q1 2012: CHF 965 million).

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Sales close to previous year level

The Group reported first quarter 2013 sales close to the prior year's level at CHF 723 million (Q1 2012: CHF 737 million, -2 %). The Textile Segment contributed significantly to this result with a 13 % increase which offset declines in other businesses, notably in the Drive Systems Segment. Drive Systems' top line was down 16 % due to lower demand in North America's fracturing market, a function of significant weakness in natural gas prices and reduced activity in the infrastructure and construction sectors (heavy duty off-highway equipment). Advanced Technologies Segment was down 38 % due to continued softness in the semiconductor market. The Coating Segment was close to the prior year's level (-2 %). Vacuum Segment (-4 % year-over-year) saw first signs of recovery quarter-over-quarter.

Asia with strong order intake, Europe with strong sales growth

Order intake in Asia grew 25 %. Order intake in Europe was stable compared to the previous year. Orders from North America were down about 25 %. In terms of sales, Europe posted the strongest regional growth across the Group with an increase of 15 % in the first quarter, primarily driven by the Textile manmade fibers business, which more than doubled due to strong sales in Turkey. Asia also contributed with 3 % growth; sales in China grew by 9 %. Sales in North America declined by 22 %, and sales in other regions showed softness. Asia now accounts for 44 % of Group sales (Q1 2012: 42 %), Europe for 36 % (Q1 2012: 31 %), North America for 15 % (Q1 2012: 19 %) and Other Regions for 5 % (Q1 2012: 8 %).

Sustained profitability

First quarter EBIT was CHF 85 million reflecting a margin of 11.8 % (Q1 2012: CHF 136 million, including the sale of the Arbon property; on a like-for-like basis Q1 2012 EBIT was CHF 97 million with a margin of 13.1 %). The strongest contribution in Q1 2013 came from the Textile Segment, which reported an EBIT increase of nearly 50 % on a like-for-like basis, with an EBIT margin of 15.8 % (Q1 2012: 12.2 %). Also Coating continued to be highly profitable with a margin of 20.0 % (Q1 2012: 21.3 %). These results allowed the Group to offset weak performance in the Drive Systems Segment, with a margin of 1.8 % (Q1 2012: 8.5 %). The Vacuum Segment showed a margin of 11.3 %, lower than in Q1 2012 (14.1 %), but substantially higher than in the second half of 2012 as performance improves.

The solid Q1 2013 performance resulted in a ROCE of 17.0 % (Q1 2012: 17.6 %) for the Oerlikon Group compared to a FY 2012 ROCE of 19.7 %. The slight decline was predominantly attributable to the one-time effect from the Arbon property sale in the first quarter 2012. Textile and Coating continue to operate at Best-in-Class levels. "With the continued execution of our unchanged strategy focusing on underlying operational performance, the Oerlikon team maintained sustainable value creation and further invested in R&D, product development and regional expansion", CEO/CFO Jürg Fedier said.

Outlook 2013

Based on the first quarter results Oerlikon confirms its outlook for 2013. Assuming successful closure of the divestment of the Natural Fibers and Textile Components Business Units, expected in Q2 2013, and stable exchange rates, the Group forecasts

- Order intake and sales around the previous year's level
- Underlying operational profitability to be around the previous year's level, temporarily impacted by the divestments in the Textile Segment.

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Segment overview

Textile Segment

Textile Segment key figures as of March 31, 2013 (in CHF million)

	Q1 2013[1]	Q1 2012[1]	Δ	%
Order intake	290	264	+26	+10 %
Order backlog	600	651	-51	-8 %
Sales (to third parties)	307	272	+35	+13 %
EBIT	49	72	-23	-32 %
EBIT margin	15.8 %	26.6 %	-	-
EBIT (excl. one-time effect)[2]	49	33	+16	+48 %
EBIT margin (excl. one-time effect)[2]	15.8 %	12.2 %	-	-

[1] Continuing operations (Q1 2012 restated); [2] Sale of Arbon property

Textile Segment (continuing operations) performance in the first quarter of 2013 continued to show strength and delivered an all-time high in terms of sales, order intake and operating profitability. In the first quarter of 2013, the Textile Segment reported sales growth of 13 % compared to the same period last year, reaching CHF 307 million. The Asian markets dominated Q1 2013 sales, but US and European markets improved significantly, due to the BCF technology for production of carpet yarn (bulked continuous filament). Order intake increased by 10 % year-over-year to CHF 290 million, driven mainly by continued high orders from China. The order book provides substantial visibility into fiscal year 2014 and first orders for fiscal year 2015 have already been received.

Continued focus on operational excellence initiatives, sales development with increasing volume and a favorable product mix led to a significant increase in profitability on a like-for-like basis. The EBIT margin improved from 12.2 % in Q1 2012 to 15.8 % in Q1 2013 (including the one-time effect of the Arbon property sale in March 2012, the reported EBIT margin in Q1 2012 was at 26.6 %).

The divestment process of the Natural Fibers and Textile Components Business Units is progressing and major project milestones were completed in Q1 2013. Closing is expected in Q2 2013.

Drive Systems Segment

Drive Systems Segment key figures as of March 31, 2013 (in CHF million)

	Q1 2013	Q1 2012	Δ	%
Order intake	203	231	-28	-12 %
Order backlog	152	211	-59	-28 %
Sales (to third parties)	188	224	-36	-16 %
EBIT	3	19	-16	-84 %
EBIT margin	1.8 %	8.5 %	-	-

Drive Systems Segment performance was impacted by a weakness in the Segment's key regions and markets. As a result, both sales and order intake in Q1 2013 declined compared to the prior year period: sales declined by 16 % to CHF 188 million, order intake was down 12 % to CHF 203 million. EBIT reached CHF 3 million representing an EBIT margin of 1.8 % from 8.5 % in Q1 2012.

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The decline in business was mainly attributable to the Segment's operations in North America. Lower demand for equipment used in North America's energy sectors including the oil and gas hydraulic-fracturing, due to natural gas price weakness, and softness in demand from the coal mining sector where the major factors. Key customers in the US who rely on export demand of heavy duty off-highway equipment continue to face weak markets in China and elsewhere as demand in the infrastructure and construction sector remains weak. The softening of commodity prices and increased inventory of machinery lowered demand in China for mining and off-highway equipment which affected local demand and order pattern of customers in the US. The agricultural equipment market and the European business were more resilient in the first quarter of 2013.

The low level of profitability was due mainly to lower sales in the most profitable region and an unfavorable product mix. The Segment implemented a series of mitigation actions to cut costs and accelerate sales growth in order to improve the topline and profitability for the remainder of the year. Actions include a significant headcount reduction in the US, temporary plant shutdowns and increased focus on operational excellence projects. Despite the lack of near-term visibility, the sequential increase of order intake and the potential for pick-up of customer schedules in Europe and India in the latter part of the year accompanied by the results from the mitigation actions are expected to support a recovery of profitability.

Vacuum Segment

Vacuum Segment key figures as of March 31, 2013 (in CHF million)

	Q1 2013	Q1 2012	Δ	%
Order intake	105	103	+2	+2 %
Order backlog	85	80	+5	+6 %
Sales (to third parties)	94	98	-4	-4 %
EBIT	11	14	-3	-21 %
EBIT margin	11.3 %	14.1 %	-	-

The Vacuum Segment reported an order intake increase of 2 % to CHF 105 million and an order backlog increase of 6 % to CHF 85 million. Sales amounted to CHF 94 million compared to CHF 98 million in Q1 2012, which was the strongest quarter in 2012. EBIT amounted to CHF 11 million (Q1 2012: CHF 14 million) and the EBIT margin was 11.3 % (Q1 2012: 14.1 %). Quarter-over-quarter, all key financials improved.

Regionally, sales were driven by a notable improvement in China and a large order from an East Asian customer, which offset slight declines in Europe and North America. The early recovery was driven by increasing demand in the process industry and the coating business. Substantial orders were received in the US for the Segment's steel degassing solution, for lighting production in Asia and in the glass and optical coatings markets, due to increasing demand for touch panels and smart phones.

The Segment continued implementation of operational excellence initiatives, regional expansion and the strategic alignment of the sales force. Progress on the new logistics center in Cologne, Germany, is on schedule and will increase the competitiveness of the German production site once in operation. The continued shift of production to Tianjin, China, will result in further cost advantages. A subsidiary in Brazil to serve process industry, coating, R&D and analytics customers in South American markets was established in Q1 2013. The Segment strengthened and aligned its sales team to boost business in Asia and the Americas.

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Coating Segment

Coating Segment key figures as of March 31, 2013 (in CHF million)

	Q1 2013	Q1 2012	Δ	%
Order intake	124	127	-3	-2 %
Order backlog	-	-	-	-
Sales (to third parties)	124	127	-3	-2 %
EBIT	25	27	-2	-7 %
EBIT margin	20.0 %	21.3 %	-	-

Despite a challenging environment in its main markets such as the automotive industry, the Coating Segment delivered strong performance and reported sales and order intake of CHF 124 million in the first quarter of 2013, a slight decline of 2 % compared to the same period last year. Structural growth in the area of coated engine parts, such as piston pins to reduce fuel consumption and friction, mitigated the general downturn in the automotive industry. The Segment expanded into new applications in the precision components market and introduced innovations for the general tooling market. Regionally, China began to recover and posted sales growth of 10 %. EBIT reached CHF 25 million, which translates into an EBIT margin of 20.0 %.

In line with its global growth strategy, the Segment successfully expanded its value chain by acquiring the "rox" regrinding process from the Austrian company TCM International in January 2013. The regrinding service will be integrated in the existing service offer and allow Coating to provide a one-stop-shop solution worldwide, predominantly in Asia. The recently introduced S3p™ technology for extremely smooth coatings in tool applications was successfully qualified with first customers. The expansion of the global footprint is ongoing; the latest example is the opening of the 8th coating center in India, in Chandigarh (Punjab area). The Segment operates 90 coating centers worldwide, of which one third are located in Asia.

Advanced Technologies Segment

Advanced Technologies Segment key figures as of March 31, 2013 (in CHF million)

	Q1 2013	Q1 2012	Δ	%
Order intake	41	31	+10	+32 %
Order backlog	57	23	+34	>100 %
Sales (to third parties)	10	16	-6	-38 %
EBIT	-6	-2	-4	>-100 %
EBIT margin	n/a	n/a	-	-

The Advanced Technologies Segment reported record order intake in the amount of CHF 41 million, up 32 % on the previous year's level. Order backlog also reached a record level of CHF 57 million as of end March 2013. Conversion into sales, however, was behind expectations as projects in the semiconductor and advanced nanotechnology areas were delayed. Sales amounted to CHF 10 million, down 38 %. Lower sales volume and continued investment in the development of new technologies resulted in a negative EBIT of CHF 6 million (Q1 2012: CHF -2 million).

The Segment's equipment offers in advanced nanotechnology benefits from the increasing demand for tablet computers and smart phones. As such, the Advanced Technologies Segment reported increased orders in China. The Hexagon system passed significant technical qualification milestones and market

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acceptance has been accelerated. Customers in the semiconductor industry continue to face low tool utilization, but the market is expected to recover from this slowdown in the second half of 2013, indicating a back-end loaded sales pattern for 2013.

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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, coating, and advanced nanotechnology. A Swiss company with a tradition going back over 100 years, Oerlikon is a global player with around 12 700 employees at around 160 locations in 34 countries and sales of CHF 2.9 billion in 2012. The Company invested in 2012 CHF 106 million in R&D, with over 1 000 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 present its results in German during its media conference call today starting at 10:00 a.m. CET. To participate, please dial the following numbers a few minutes before the start:

Switzerland	+41 43 547 8001
Germany	+49 69 2222 34066
UK	+44 20 3450 9571
USA	+1 646 254 3371
Confirmation Code:	4212102

The accompanying presentation can be viewed in parallel by opening the following link http://webmeeting.adobeconnect.com/e4212102. Please sign in as a guest.

During its analysts' conference call beginning at 2:00 p.m. CET Oerlikon will present its results in English. To participate, please dial the following numbers a few minutes before the start:

Switzerland	+41 43 547 8001
Germany	+49 69 2999 3285
UK	+44 20 3450 9571
USA	+1 646 254 3373
Confirmation Code:	6411954

The accompanying presentation can be viewed in parallel by opening the following link http://webmeeting.adobeconnect.com/e6411954. Please sign in as a guest.

Please find the media release including a full set of tables at www.oerlikon.com/pressreleases and www.oerlikon.com/ir

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