

Third Quarter Results 2012

Oerlikon maintained profitability level in Q3 2012 – outlook for FY 2012 confirmed

- Order intake up by 7 % to CHF 898 million
- Sales up by 2 % to CHF 957 million
- EBIT of CHF 111 million; EBIT margin at 11.6 %
- Drive Systems Segment continued to streamline manufacturing in Italy
- Oerlikon net cash positive for the first time in six years
- Outlook for FY 2012 confirmed in a more challenging business environment: sales at 2011 levels, order intake at up to -5 % and EBIT margin of around 12.5 %

Key figures Oerlikon Group as per September 30, 2012 (in CHF million)

	Q3 2012 ¹	Q3 2011 ²	Δ	9M 2012 ¹	9M 2011 ²	Δ
Order intake	898	837	+7 %	2 850	2 996	-5 %
Order backlog	1 240	1 485	-16 %	1 240	1 485	-16 %
Sales (to third parties)	957	939	+2 %	2 908	2 839	+2 %
EBIT	111	123	-10 %	378 ³	322	+17 %
EBIT margin	11.6 %	13.1 %		13.0 % ³	11.3 %	
ROCE	17.3 %	16.5 % ⁴		17.3 %	16.5 % ⁴	

¹ Continuing operations; ² Restated; ³ EBIT for 9M 2012 excl. sale of Arbon property of CHF 339 million, EBIT margin of 11.7 %;

⁴ ROCE FY 2011; Margins calculated on unrounded figures

Pfäffikon SZ, Switzerland – October 30, 2012 – The Oerlikon Group reported a solid increase in order intake of 7 % and a sales growth of 2 % for the third quarter 2012. The Q3 EBIT margin was sustained at the same level as in Q1 (excluding one-time effects) and Q2 2012. With 11.6 % it was lower than the exceptionally high EBIT margin of 13.1 % reported in Q3 2011, the Group's strongest quarter last year. These positive results were driven by strong performance in the Textile, Drive Systems and Coating Segments. Oerlikon CEO Michael Buscher said: "We have delivered a consistently competitive level of profitability every quarter this year. This is the result of the systematic execution of our agenda, reinforced in an uncertain business environment. Based on our continued progress we can confirm our guidance", Buscher emphasized.

Textile order intake increased by 17 %

Order intake for the Group was 7 % higher at CHF 898 million than in the third quarter of 2011 (Q3 2011: CHF 837 million) with the strongest contribution from the Textile Segment (+17 %). Following the exceptionally high order intake in the financial year 2011 as customers restocked following the financial crisis of 2009, order levels normalized quarter by quarter in 2012. Order backlog for the Group at the end of the third quarter 2012 decreased to CHF 1 240 million (Q3 2011: CHF 1 485 million).

Coating posted strongest sales growth rate

For the third quarter 2012 the Group reported an increase in sales of 2 % to CHF 957 million (Q3 2011: CHF 939 million). Three of five Segments contributed positively to this growth: Coating achieved the highest sales growth rate, reporting an increase in sales of 5 % compared over the previous year,

benefitting from solid demand in the tools markets in Japan, Germany and the United States. The Textile Segment made a substantial contribution to the increased Group sales: Manmade Fibers was able to offset the sales decline within the Natural Fiber business, achieving overall sales growth of 4 % for the Segment. Whilst the Drive Systems Segment increased sales by 3 % in the third quarter 2012, the Vacuum Segment saw continued customer project postponements in a softening market environment, posting a sales decline of 9 %. Sales in the Advanced Technologies Segment slightly declined.

Strong growth in Europe and China

In the third quarter Europe posted the strongest regional growth across the Group and reached a 13 % increase in sales, primarily driven by Drive Systems and Textile. Today, Europe accounts for 33 % of total Group sales. Asia also contributed with a strong 9 % growth to the Group's positive results as in the previous quarters with China growing by 12 %. Overall the Asian region contributed 50 % to total Group sales.

The expansion in emerging markets continued during the third quarter. The Coating Segment opened a new coating center in Malaysia as well as two new sales offices in the country. Today, the Segment runs 88 coating centers in 33 countries worldwide.

Sustainable profitability

Third quarter EBIT was CHF 111 million (Q3 2011: CHF 123 million) with a margin of 11.6 %. The comparable EBIT margin of 13.1 % in Q3 2011 was driven by exceptionally large orders in the Textile and, to a smaller extent, in the Vacuum Segment. The solid level of profitability in Q3 2012 was mainly due to continued execution of Operational Excellence programs, margin improvements from new products and an optimized portfolio. With reported EBIT margins of 11.8 % in Q1 (excluding one-time effects), 11.7 % in Q2 and 11.6 % in Q3 2012, Oerlikon has delivered a high level of profitability for the third quarter in a row. The strongest profitability improvement in Q3 2012 was in the Drive Systems Segment where margins rose from 6.3 % to 9.3 %, as restructuring measures started to take effect. With the strongest contribution coming from the Manmade Fiber business, the Textile Segment posted a margin of 10.9 % which was close to previous year's level of 11.1 %. The Coating Segment sustained its high level of profitability in the third quarter at 20.0 %, whereas Vacuum's Q3 EBIT margin declined to 8.3 % (Q3 2011: 15.2 %).

Continuous value creation

The solid Q3 2012 performance resulted in an Oerlikon Group ROCE of 17.3 % as of the end of Q3 2012, compared to a FY 2011 ROCE of 16.5 %. Coating operates at Best-in-Class levels with Textile and Drive Systems making significant progress. "The Group continues to focus on further value creation with stable investments in R&D, product development and regional expansion", CEO Michael Buscher said.

Oerlikon net cash positive

For the first time in six years, Oerlikon was net cash positive at the end of Q3 2012. This marks an important milestone in the successful financial restructuring of the past two years. Based on the completion of a comprehensive refinancing in July 2012, including a new syndicated credit facility and a domestic bond, and the Group's strong operational and financial performance over the past two years, Oerlikon was able to repay the old credit facility two years ahead of maturity. The new package was provided on an unsecured basis, allowing greater flexibility, and generates savings by halving interest costs.

Innovation

Recently launched products contributed to the increase in sales and order intake in Q3 2012. The products recently presented by the Textile Segment at the ITMA Asia fair were well perceived by the markets: The demand for fully-automated products, as well as more energy efficient solutions (e.g. the rotor spinning machine Autocoro 8 reducing the energy consumption up to 20 %) is increasing in markets like China, India and Turkey. More than 40 units have been sold during the third quarter.

The Drive Systems Segment increased its position in the energy market by introducing a winch drive for undersea remote operated vehicles and robots used in deep ocean drilling and recovery. Having gear teeth with increased stress resistance, these vessels are capable of raising and lowering down to 4 500 meters below sea level.

The Coating Segment has deployed the first new generation of Pulsed-Plasma Diffusion (PPD) equipment to the United States as the demand for environmentally friendly plasma-nitriding treatment of large forming tools is constantly increasing. This is an important step on the way to replace chrome-plating by setting a new industry standard. The reengineered PPD system is 40 % more efficient than the previous generation, of which already five are in operation worldwide.

Portfolio adjustments

On October 29, 2012 the Drive Systems Segment announced another streamlining of its manufacturing footprint in Italy to improve operational performance. A contract has been signed to sell the plant in Garesio to a private Italian company for an undisclosed price.

Outlook for 2012 confirmed

The global economic environment is softening and remains difficult to assess. Oerlikon continues its focus on the systematic execution of its agenda to strengthen underlying performance. Despite this uncertain global economic environment, Oerlikon is confirming its outlook for FY 2012. Assuming stable currencies and the successful closing of the Oerlikon Solar transaction, the Group forecasts for the FY 2012:

- sales to be at 2011 levels
- order intake guidance remains unchanged at up to minus 5 %
- profitability to increase to an EBIT margin of around 12.5 %, or around 11.5 % excluding the effect of the Arbon property sale

Segment overview

Segment Textile

Key figures Segment Textile as per September 30, 2012 (in CHF million)

	Q3 2012	Q3 2011	Δ	9M 2012	9M 2011	Δ
Order intake	486	415	+17 %	1 486	1 610	-8 %
Order backlog	970	1 212	-20 %	970	1 212	-20 %
Sales (to third parties)	524	506	+4 %	1 540	1 484	+4 %
EBIT	57	56	+2 %	202	132	+53 %
EBIT margin	10.9 %	11.1 %		13.1 %	8.9 %	
EBIT (excl. one-time effect ¹)	57	56	+2 %	163	132	+23 %
EBIT margin (excl. one-time effect ¹)	10.9 %	11.1 %		10.6 %	8.9 %	

¹ Sale of Arbon property

For the third quarter of 2012 the Textile Segment reported a strong increase in order intake of 17 % and a rise in sales of 4 %. The EBIT margin remained strong at 10.9 % (Q3 2011: 11.1 %).

The main contributor to the positive sales trend was continued demand for Manmade Fiber products; this Business Unit posted the strongest sales increase within the Oerlikon Group. This was driven by the excellent market reception of Oerlikon's new products presented at the ITMA Asia trade show in the second quarter. The Segment also benefitted from increased demand for carpet yarn equipment in the United States and sold five plants from the S+ product family. The overall market continues to remain strong and first orders for equipment delivery in 2015 have already been received.

While lower sales and profit contribution was recorded by Natural Fibers, order intake for this business grew significantly, due in large part to the success of the Autocoro 8 rotor spinning machine. The demand for these fully-automated products and more energy efficient solutions is steadily increasing in markets like China, India and Turkey.

Segment Drive Systems

Key figures Segment Drive Systems as per September 30, 2012 (in CHF million)

	Q3 2012	Q3 2011	Δ	9M 2012	9M 2011	Δ
Order intake	165	197	-16 %	609	649	-6 %
Order backlog	163	176	-7 %	163	176	-7 %
Sales (to third parties)	195	189	+3 %	643	605	+6 %
EBIT	18	12	+50 %	57	30	+90 %
EBIT margin	9.3 %	6.3 %		8.9 %	5.0 %	

The Drive Systems Segment increased both sales and profitability in Q3 2012 compared to the prior period: sales rose by 3 %, EBIT by 50 % and EBIT margin rose to 9.3 % from 6.3 % in Q3 2011, driven by increased sales and the sustainable impact of Operational Excellence measures.

Despite this good performance key markets agriculture, construction, mining and energy continued to slow globally. Order intake fell by 16 % and order backlog declined by 7 %. Market demand in India and

China slowed due to softness of the agricultural market. Low natural gas prices reduced the demand for mining and refinery equipment in the Americas. The region continued to benefit from the strong backlog from the first half of the year and full recovery of product shipments to one of the major customers that were delayed from June to July 2012.

The Segment continued to expand its presence in China and India. The factory in China with increased production capabilities started additional assembly and shipments to customers at the beginning of September 2012.

Segment Vacuum

Key figures Segment Vacuum as per September 30, 2012 (in CHF million)

	Q3 2012	Q3 2011	Δ	9M 2012	9M 2011	Δ
Order intake	93	85	+9 %	288	304	-5 %
Order backlog	74	75	-1 %	74	75	-1 %
Sales (to third parties)	92	101	-9 %	283	310	-9 %
EBIT	8	16	-50 %	32	49	-35 %
EBIT margin	8.3 %	15.2 %		11.2 %	15.4 %	

The Vacuum Segment reported an increase in order intake of 9 %. Order backlog remained at the previous year's level. However, the Segment again received postponements of projects and orders due to an overall softening market environment, especially in the industrial sectors. Sales slowed by 9 % compared to the strong third quarter in 2011 following the recovery from the financial crisis. As a consequence of the market environment, investments in logistics and regional expansion, as well as a delay of cost structure improvement measures, EBIT margin declined to 8.3 % from 15.2 % a year ago. The new Vacuum Segment CEO, Dr. Martin Füllenbach, started on October 15.

Segment Coating

Key figures Segment Coating as per September 30, 2012 (in CHF million)

	Q3 2012	Q3 2011	Δ	9M 2012	9M 2011	Δ
Order intake	126	120	+5 %	379	363	+4 %
Order backlog	–	–	–	–	–	–
Sales (to third parties)	126	120	+5 %	379	363	+4 %
EBIT	25	25	0 %	79	74	+7 %
EBIT margin	20.0 %	20.8 %		20.7 %	20.3 %	

Sales rose by 5 % in the third quarter due to solid growth in the tools markets in Japan, Germany and the United States. Automotive markets showed slowing demand affecting the components business but the markets for tools remained stable.

With an EBIT margin of 20.0 %, the Segment continued to deliver a high level of profitability. The focus on Operational Excellence and stronger sales have been the main drivers for this development. These results maintain the Coating Segment at Best-in-Class level.

The Segment, which currently operates 88 coating centers worldwide, continues to increase capacity in Germany, France, Thailand and the United States for the components business, and for tool coating in Turkey. With the new site in Malaysia, the expansion of the global footprint in new geographical markets is on-going.

Segment Advanced Technologies

Key figures Segment Advanced Technologies as per September 30, 2012 (in CHF million)

	Q3 2012	Q3 2011	Δ	9M 2012	9M 2011	Δ
Order intake	28	20	+40 %	88	70	+26 %
Order backlog	33	22	+50 %	33	22	+50 %
Sales (to third parties)	20	23	-13 %	62	77	-19 %
EBIT	-1	1	n/a	-3	7	n/a
EBIT margin	n/a	4.2 %		n/a	9.0 %	

Order intake (+40 %) and order backlog (+50 %) for the Advanced Technologies Segment increased significantly in the third quarter of 2012. Sales, however, were 13 % lower compared to Q3 2011 – the strongest quarter of last year. As overall demand in the semiconductor industry slows, customers have reported lower tool utilization in all market segments. Additionally some projects have been delayed. The Segment reported profitability (EBIT) close to break-even.

Solaris, the nanotechnology solution for clean energy, has received the technical qualification for special coatings of touch sensors and the first unit has been sold to Asia for the development of electronic displays. The first Hexagon, an advanced semiconductor packaging solution for high volume production, also qualified with a major customer for end-user products this quarter.

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 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 3369

Confirmation Code: 1498293

The accompanying presentation can be viewed in parallel by opening the following link <http://webmeeting.adobeconnect.com/e1498293>. 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 7660 0009
USA +1 646 254 3374

Confirmation Code: 3742468

The accompanying presentation can be viewed in parallel by opening the following link <http://webmeeting.adobeconnect.com/e3742468>. 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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