oerlikon

Media Release

2013 full-year results

Strong 2013 performance paves the way for future growth

- **Healthy order intake growth in demanding markets**
- **EBITDA margin of 17.1 % and EBIT margin of 12.7 %**
- **Oerlikon's position amongst leading industrial peers confirmed**
- **Result from continuing operations increased by 18.8 % to CHF 259 million**
- **Further improved net liquidity of CHF 981 million and equity ratio of 51 %**
- **Second consecutive dividend increase of 8 % to CHF 0.27 per share recommended**
- **Acquisition of Sulzer Metco will form global technology leader for Surface Solutions**
- **Outlook 2014: sales growth, stable order intake and stable profitability**

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

	FY 2013	FY 2012	Δ	Q4 2013	Q4 2012	Δ
Order intake[1]	2 893	2 802	+3.2 %	705	634	+11.2 %
Sales[1]	2 883	2 906	-0.8 %	743	693	+7.2 %
EBITDA (excl. one-time effect)[1,3]	492	508[2]	-3.1 %	-	-	-
EBITDA margin (excl. one-time effect)[1,3]	17.1 %	17.5 %[2]	-	-	-	-
EBIT (excl. one-time effect)[1]	366	382[2]	-4.2 %	104	89	+16.9 %
EBIT margin (excl. one-time effect)[1]	12.7 %	13.2 %[2]	-	14.0 %	12.8 %	-
Result from continuing operations[3]	259	218[4]	+18.8 %	-	-	-
ROCE	17.7 %	17.4 %[2]	-	17.7 %	17.4 %[2]	-

[1] Continuing operations; [2] like-for-like, excluding one-time effect from sale of Arbon property; [3] Only reported annually and semi-annually; [4] 2012 restated for IAS 19 (revised)

Pfäffikon SZ, Switzerland – February 25, 2014 – The Oerlikon Group delivered another strong performance in 2013, despite a challenging environment in major end-markets. Order intake grew by 3.2 %, sales remained at prior year level (-0.8 %). An EBIT margin of 12.7 % confirmed Oerlikon's profitability level, which positions the Group amongst leading industrial peers. Oerlikon's Manmade Fibers and Coating Segments delivered record margins and continued to operate on Best-in-Class levels. Strong operational performance and the proceeds from the divestments improved net liquidity to CHF 981 million (FY 2012: CHF 339 million) and equity ratio to 51 %. Oerlikon CEO Dr. Brice Koch said: "Based on strong performance in 2013, we can now accelerate profitable growth, both organically and inorganically, in line with a disciplined execution of our strategic agenda. The recent signing of the acquisition of Sulzer Metco is a first key milestone in this direction."

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Growth in orders, sales at prior year level

Order intake grew by 3.2 % to CHF 2 893 million compared to CHF 2 802 million in 2012, with all Segments, except the Advanced Technologies Segment, reporting higher orders. As expected, Group sales of CHF 2 883 million were at prior year's level (-0.8 %, CHF 2 906 million). Sales increased in all Segments except the Drive Systems Segment. The regional sales split remained largely unchanged with Asia accounting for 44 % of the Group's total sales, Europe for 34 % and North America for 17 % (others: 5 %).

Sustainable profitability levels

EBITDA amounted to CHF 492 million compared to CHF 508 million on a like-for-like basis a year ago (2012 reported: CHF 547 million), resulting in an EBITDA margin of 17.1 %. EBIT amounted to CHF 366 million compared to CHF 382 million on a like-for-like basis a year ago (2012 reported: CHF 421 million). The EBIT margin of 12.7 % confirmed Oerlikon's position among leading industrial peers, resulting from a strong underlying performance, leading technology positions and a broad market exposure.

The result from continuing operations grew by 18.8 % to CHF 259 million compared to CHF 218 million a year ago. Including various non-cash, accounting effects from the divestments in 2013, net income was CHF 201 million (FY 2012: CHF 380 million).

2013 Group performance resulted in further improved value creation with an increase in the return on capital employed (ROCE) to 17.7 % (FY 2012: 17.4 % like-for-like, excluding the one-time effect from the Arbon property sale. Reported ROCE 2012: 19.7 %).

Continued portfolio shaping

In mid-2013, Oerlikon closed the sale of the natural fibers businesses, completing a strategic milestone in shaping and better balancing the portfolio. On January 31, 2014, Oerlikon announced an agreement to acquire Metco, a division of Sulzer AG. The combination of Metco with Oerlikon's existing Coating Segment will form the world technology leader in Surface Solutions. Closing is subject to the approval of merger control and is expected in the third quarter of 2014.

Ongoing strong investments in R&D

Investments in research and development (R&D) continued to be strong, increasing by 15.1 % from CHF 106 million to CHF 122 million. With this Oerlikon invests 4 % of its revenues in products and services of the future. Consequently, 2013 saw the launch of groundbreaking new technologies and services such as the new coating generation "BALIQ" with unique characteristics of extreme smoothness and hardness at the same time. The Manmade Fibers Segment also introduced the new S+ Bulked Continuous Fiber (BCF) machine for the efficient production of polymer filament yarns for carpet applications with an increase in productivity of 25 %.

Further strengthened financial position

A strong operational performance in 2013 and proceeds from portfolio adjustments further strengthened Oerlikon's financial position. As at the reporting date, the Group had equity (attributable to shareholders of the parent) of CHF 2 072 million, increasing the equity ratio to 51 % compared with 45 % at the end of 2012. Net liquidity grew to CHF 981 million (FY 2012: CHF 339 million).

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Q4 performance – record EBIT, growth in order intake and sales

For Q4 2013 the Oerlikon Group reported a record profitability with an EBIT of CHF 104 million, up 16.9 % compared to CHF 89 million a year ago. EBIT margin of 14.0 % was significantly above prior year's level of 12.8 %. This result was mainly driven by a strong performance in the Manmade Fibers and Coating Segments.

Group order intake increased by 11.2 % to CHF 705 million (Q4 2012: CHF 634 million). Sales in Q4 2013 grew by 7.2 % to CHF 743 million compared to CHF 693 million in Q4 2012.

Dividend proposal

In line with the dividend policy introduced in 2011, the Board of Directors of Oerlikon will propose an increased dividend of CHF 0.27 per share to the Annual General Meeting of Shareholders on April 15, 2014, the second consecutive increase and up 8 % compared to fiscal year 2012. The dividend will be distributed from the reserve from capital contribution.

2014 outlook

The Oerlikon Group forecasts for 2014:

- Organic sales growth
- Stable order intake and stable profitability

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Segment overview

Manmade Fibers Segment

Key figures Manmade Fibers Segment as of December 31, 2013 (in CHF million)

	FY 2013	FY 2012	Δ	Q4 2013	Q4 2012	Δ
Order intake[1]	1 073	1 039	+3.3 %	261	234	+11.5 %
Order backlog[1]	541	602	-10.1 %	541	602	-10.1 %
Sales[1]	1 130	1 103	+2.4 %	285	258	+10.5 %
EBIT[1]	188	186	+1.1 %	53	37	+43.2 %
EBIT margin[1]	16.6 %	17.0 %	-	18.5 %	14.2 %	-
EBIT (excl. one-time effect)[1,2]	188	147	+27.9 %	53	37	+43.2 %
EBIT margin (excl. one-time effect)[1,2]	16.6 %	13.4 %	-	18.5 %	14.2 %	-

[1] Continuing operations; [2] Sale of Arbon property in Q1 2012

The Manmade Fibers Segment further increased its operational performance to a historical high. Sales in 2013 were up by 2.4 % to CHF 1 130 million compared to CHF 1 103 million a year ago. The market remained strong for manmade fiber equipment and engineering services, and the Segment reported high order intake for ten quarters in succession. Order intake increased by 3.3 % to CHF 1 073 million during the year (FY 2012: CHF 1 039 million) and order backlog was CHF 541 million (FY 2012: CHF 602 million), providing good visibility into 2015.

On a like-for-like basis the Manmade Fibers Segment saw another strong increase in profitability, reporting an EBIT margin of 16.6 % (FY 2012: 13.4 % excluding the one-time effect from the sale of property in Arbon, Switzerland). EBIT amounted to CHF 188 million compared to CHF 147 million on a like-for-like basis (2012 reported: CHF 186 million). The Segment continued to operate at Best-in-Class level. The strong performance of the Manmade Fibers Segment more than compensated for the one-off costs related to the divestment of the Natural Fibers and Textile Components Business Units.

In 2014, the Manmade Fibers Segment expects to maintain its Best-in-Class position in the industry in a softening market environment.

Drive Systems Segment

Key figures Drive Systems Segment as of December 31, 2013 (in CHF million)

	FY 2013	FY 2012	Δ	Q4 2013	Q4 2012	Δ
Order intake	792	766	+3.4 %	198	157	+26.1 %
Order backlog	180	134	+34.3 %	180	134	+34.3 %
Sales	734	826	-11.1 %	173	183	-5.5 %
EBIT	26	70	-62.9 %	9	13	-30.8 %
EBIT margin	3.5 %	8.5 %	-	5.1 %	7.0 %	-

Despite a slowdown in global key markets, order intake of the Segment grew by 3.4 % to CHF 792 million from CHF 766 million a year ago. This was driven by large project orders from the energy market, providing for medium- to long-term growth opportunities in this industry. Order backlog increased to CHF 180 million, up 34.3 % from CHF 134 million in 2012.

Sales declined by 11.1 % to CHF 734 million compared to CHF 826 million in 2012. The demand for agricultural equipment remained resilient, whereas the demand in the construction industry and for

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heavy-duty off-highway equipment was weak. Equipment demand also slowed in the global mining and U.S. natural gas sector, the Segment's most profitable markets.

EBIT amounted to CHF 26 million, down 62.9 % year-on-year due to lower overall sales volume and disproportionately lower sales in the Segment's higher-margin products and services. The comprehensive mitigation actions and operational excellence initiatives, underway since the beginning of 2013, limited the negative effects, resulting in sequential improvements quarter for quarter in 2013. The Drive Systems Segment reported an EBIT margin of 3.5 % compared to 8.5 % a year ago.

In 2014, the Drive Systems Segment expects a similar environment to 2013. Order intake and sales are expected to increase.

Vacuum Segment

Key figures Vacuum Segment as of December 31, 2013 (in CHF million)

	FY 2013	FY 2012	Δ	Q4 2013	Q4 2012	Δ
Order intake	404	377	+7.2 %	96	90	+6.7 %
Order backlog	79	73	+8.2 %	79	73	+8.2 %
Sales[1]	400	377	+6.1 %	103	90	+14.4 %
EBIT	41	38	+7.9 %	9	6	+50.0 %
EBIT margin	10.3 %	10.2 %	-	9.1 %	6.7 %	-

[1] Sales include CHF 4 million intercompany sales in 2012 and 2013 (Q4: CHF 1 million)

In 2013, the Vacuum Segment delivered a solid performance. Order intake grew by 7.2 % to CHF 404 million from CHF 377 million a year ago. Sales increased by 6.1 % to CHF 400 million from CHF 377 million in 2012. Despite a demanding market environment for vacuum applications, the Vacuum Segment was able to gain market share. Order backlog at the end of 2013 was CHF 79 million (FY 2012: CHF 73 million).

Profitability slightly increased, despite difficult market conditions. EBIT grew by 7.9 % to CHF 41 million, resulting in a margin of 10.3 % compared to CHF 38 million and a margin of 10.2 % a year ago. The Segment invested in a new logistics center at its primary facility in Cologne, Germany, which commenced operations at the end of the reporting period. In addition, investment in new product launches and expansion of production capacity were initiated to support further growth and profitability improvement.

In 2014, the Segment expects growth in order intake and sales, and further margin improvement.

Coating Segment

Key figures Coating Segment as of December 31, 2013 (in CHF million)

	FY 2013	FY 2012	Δ	Q4 2013	Q4 2012	Δ
Order intake	510	501	+1.8 %	136	122	+11.5 %
Order backlog	–	–	–	–	–	–
Sales[1]	511	502	+1.8 %	136	122	+11.5 %
EBIT	105	103	+1.9 %	29	24	+20.8 %
EBIT margin	20.5 %	20.5 %	-	21.3 %	19.8 %	-

[1] Sales include CHF 1 million intercompany sales in 2012 and 2013

In 2013, the Coating Segment continued to operate at a Best-in-Class level with an EBIT margin of 20.5 %, maintaining its high level of profitability above 20 % (FY 2012: 20.5 %) for the third year in a row. Sales rose by 1.8 % to CHF 511 million (FY 2012: CHF 502 million), marking a new record result for the Segment despite mixed market demand and some headwinds from the European automotive industry.

In 2013, the Segment opened three new coating centers – in the U.S., China and the Philippines. With the first site in the Philippines, the Segment expanded its global presence to 34 countries and currently operates 93 coating centers worldwide. In addition to building new production facilities, the Segment has increased its capacities in existing centers. Parallel to regional growth, the Segment expanded its industrial reach with the opening of a new aerospace competence center near Paris. Additionally, the Segment deepened its position across the value chain by expanding its Surface Solutions offering with coating services, polishing, high-tech heat treatment and regrinding services.

In 2014, the Coating Segment expects ongoing high demand while maintaining its high level of profitability.

Advanced Technologies Segment

Key figures Advanced Technologies Segment as of December 31, 2013 (in CHF million)

	FY 2013	FY 2012	Δ	Q4 2013	Q4 2012	Δ
Order intake	114	119	-4.2 %	14	32	-56.3 %
Order backlog	25	25	0.0 %	25	25	0.0 %
Sales[1]	113	104	+8.7 %	47	41	+14.6 %
EBIT	4	7	-42.9 %	8	10	-20.0 %
EBIT margin	3.7 %	6.6 %	-	16.6 %	25.0 %	-

[1] Sales include CHF 1 million intercompany sales in 2012

The Advanced Technologies Segment reported a continued high level of order intake and sales growth in 2013. Sales increased by 8.7 % and reached CHF 113 million compared to CHF 104 million in 2012. Order intake was CHF 114 million and in line with previous year's level (FY 2012: CHF 119 million). Order backlog at year end was stable at CHF 25 million. The global market for semiconductor equipment, the Segment's key market, remained soft. The Segment's solutions for the rising demand for mobile devices (smartphones, tablets and notebooks) and energy-efficient solutions (LEDs, power devices) compensated for the overall development in the semiconductor industry.

The Segment intensified its R&D activities by 50 % in 2013 to develop and qualify innovative solutions in strategic markets for semiconductors and mobile devices (smartphones and tablets). As expected, this affected profitability in 2013. EBIT reached CHF 4 million (FY 2012: CHF 7 million) corresponding to an EBIT margin of 3.7 % (6.6 % in 2012).

In 2014, the Advanced Technologies Segment expects sales growth and an improvement in profitability.

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Additional information

Oerlikon will present its results during today's press conference starting at 09.00 a.m. CET and during its analysts' conference beginning at 12.30 p.m. CET. The press and analysts' conference will take place at the company's headquarter in Pfäffikon SZ and will be broadcast via internet webcast (www.oerlikon.com).

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

Please find the Annual Report 2013 at www.oerlikon.com/ir/ar2013

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 manmade fibers manufacturing, drive systems, vacuum, surface solutions and advanced nanotechnology. A Swiss company with a tradition going back over 100 years, Oerlikon is a global player with around 13 000 employees at over 150 locations in 34 countries and sales of CHF 2.9 billion in 2013. In 2013, the Company invested CHF 122 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.

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