

Investor Day 2015

Zurich, November 30, 2015

Dr. Brice Koch, CEO

Jürg Fedier, CFO



1 Introduction

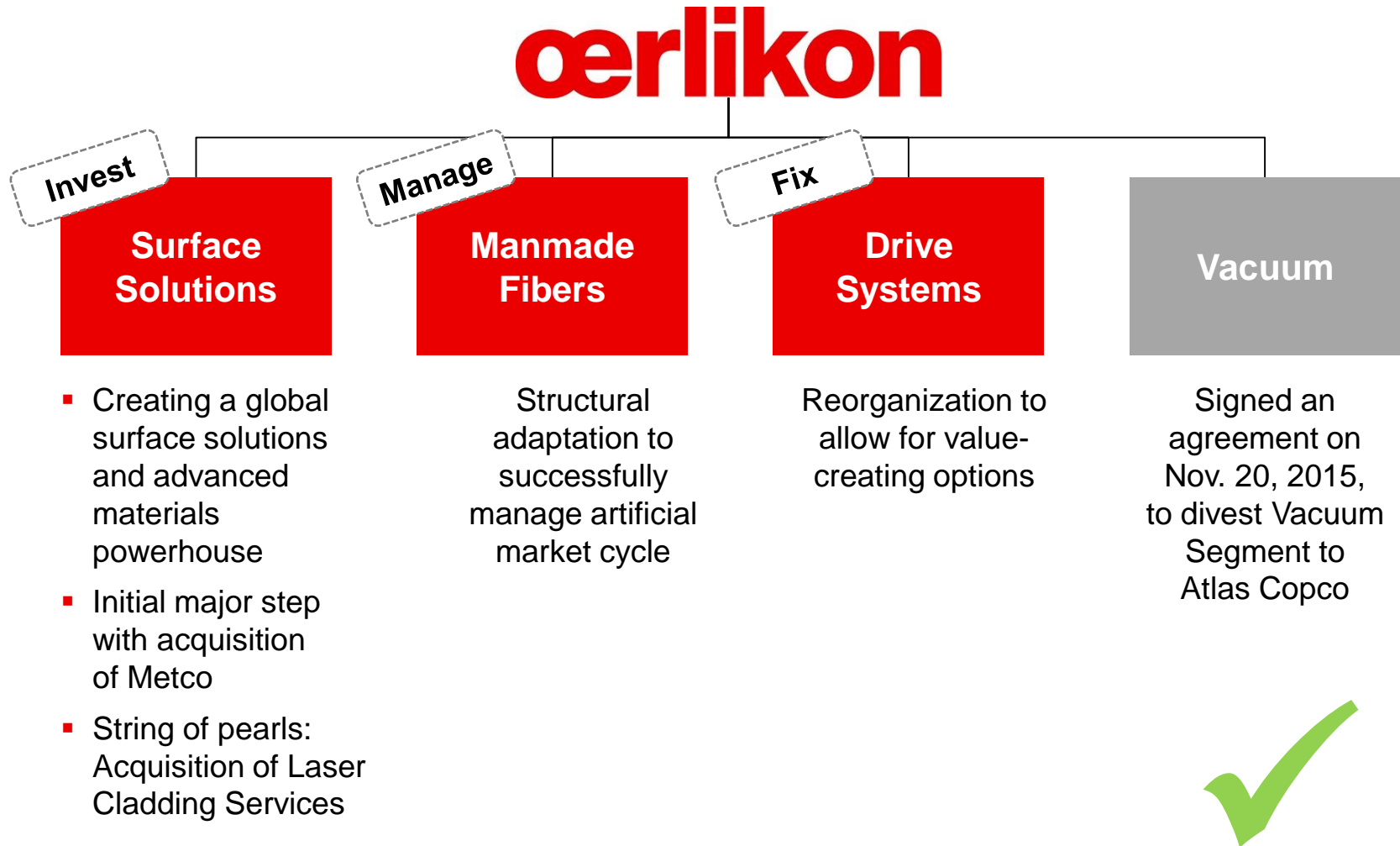
2 Oerlikon priorities

3 Financial implications

4 Summary

5 Q&A

Creating a global surface solutions and advanced materials powerhouse



Investing in a business with a unique value proposition leveraging global megatrends

Surface solutions and advanced materials powerhouse

Leverage
global
megatrends

Deep
understanding
of industry
demands

Offering a
unique value
proposition

Population growth

•
Environmental concerns due
to increased demand for energy

•
Rising middle class

•
Increasing mobility

Stronger and lighter materials

•
Greater productivity

•
Increased performance
and efficiency

•
Extended product lifetime

Broadest surface
solutions portfolio

•
Advanced materials

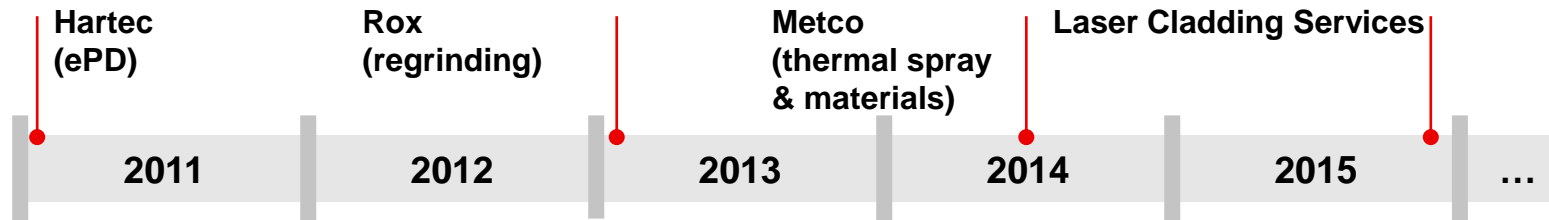
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Application and components
engineering know-how

•
Global service network

Business constantly expanding since 2011, major step forward with Metco acquisition

Acquisition history

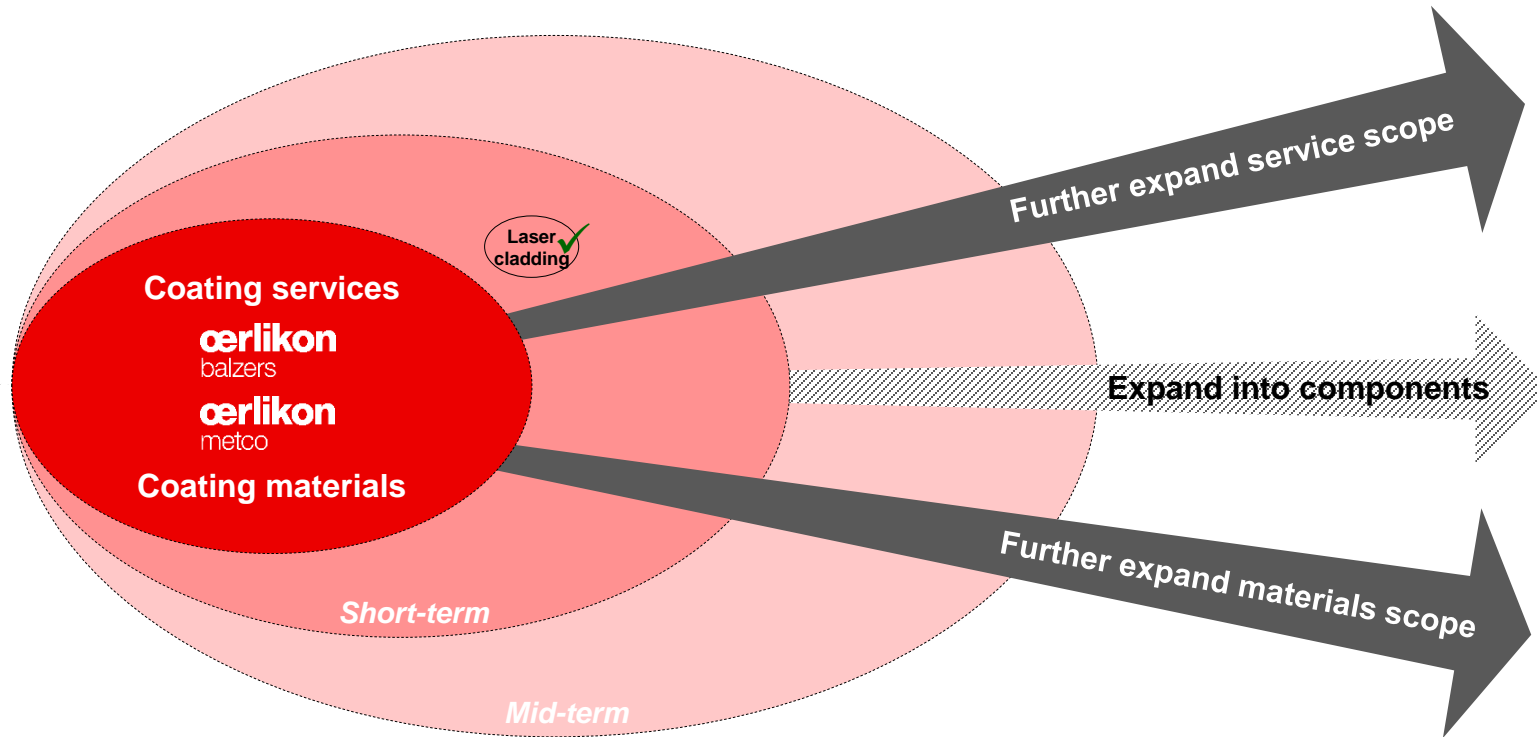
All recent acquisitions within Oerlikon Group related to the Surface Solutions Segment



Investment focus

- Surface Solutions Segment accounting for majority of capital expenditure within Oerlikon
- Capex/depreciation ratio > 1 (excluding amortization of acquired intangible assets)
 - Expansion of capacity in existing coating centers
 - Technology upgrade (combining technologies from Balzers and Metco)
 - Develop new coatings, materials and applications
 - Two to four new coating centers each year
- Surface Solutions Segment accounting for the majority of R&D expenditures within Oerlikon Group

Three expansion areas to accelerate value creation and growth of the business



Acquisition of Laser Cladding Services to service upstream energy and offshore markets

Company background

Industry leader in protective coatings

- Houston, USA
- Founded 2001
- Protective coating design, manufacturing and restoration of new and used parts mainly in the energy and oil & gas sectors
- Service offering:
 - Laser cladding
 - Thermal spray
 - Laser hardening
 - Precision grinding

Laser cladding technology

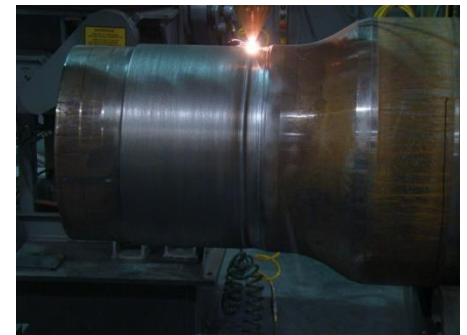
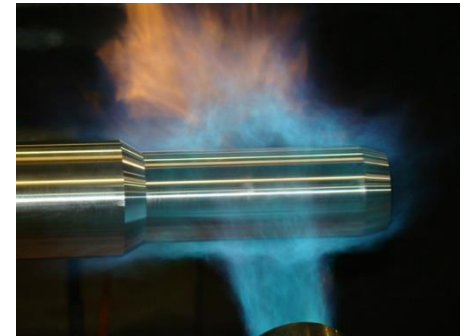
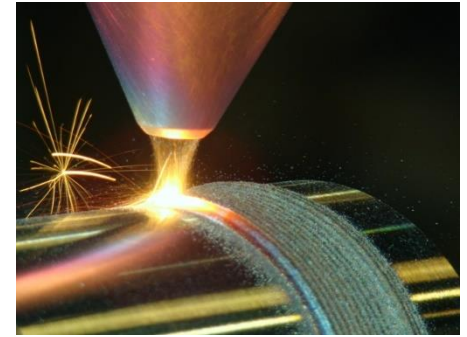
Technology:

Laser cladding is a process to apply metal coatings using a laser as heat source. The laser melts the base material and an additive powder to create a protective coating. Unlike welding, laser cladding provides a strong metallurgical bond with minimal dilution of the base material, exceptional thickness control and a small heat-affected zone.

Typical applications:

- Impellers
- Pump shafts
- Bearing sleeves
- Axle housings
- Nozzles

→ Expanding laser cladding activities and complementary to thermal spray offering of Oerlikon Metco



Oerlikon can leverage core competencies in additive manufacturing

oerlikon



Strong presence and know-how in **thermal spray materials** (metals and alloys, wires, carbides, ceramics, abrasives)



Access to **global OEMs** in aero, oil & gas, automotive and general industry



Technology leader in equipment for surface solutions

oerlikon
balzers
oerlikon
metco



Global service network with over 140 locations worldwide



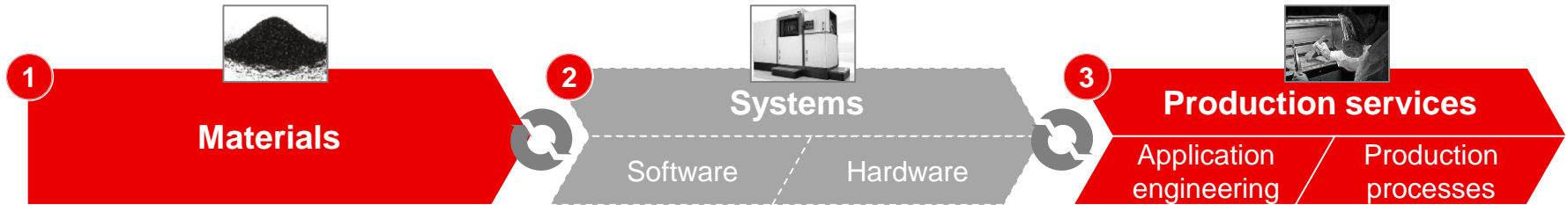
Strong **brand recognition** as global player in high-end surface solutions



Complete offering of surface solutions in materials, equipment, services (PVD¹ and thermal spray)

¹ PVD = Physical vapor deposition.

Oerlikon driving additive manufacturing development



Value proposition: End-to-end offering with strong interface management

- Development and certification of **additive manufacturing (AM) tailored materials**
- Complete **powder portfolio** in large & small **batch sizes**
- **Distribution competence** serving different routes to market
- Strong **material handling** competence
- Optimized **machine parameters** and **software solutions**
- End-to-end **coverage of digital process** parameters
- **Automation of process** (linkage of hardware and software tools)
- Conventional and tailored AM **finishing technologies**
- **Product design engineering** for AM (design for function)
- **Application engineering** competence
- Optimized **production process chain** through end-to-end management
- **Customer** understanding through **partnerships**

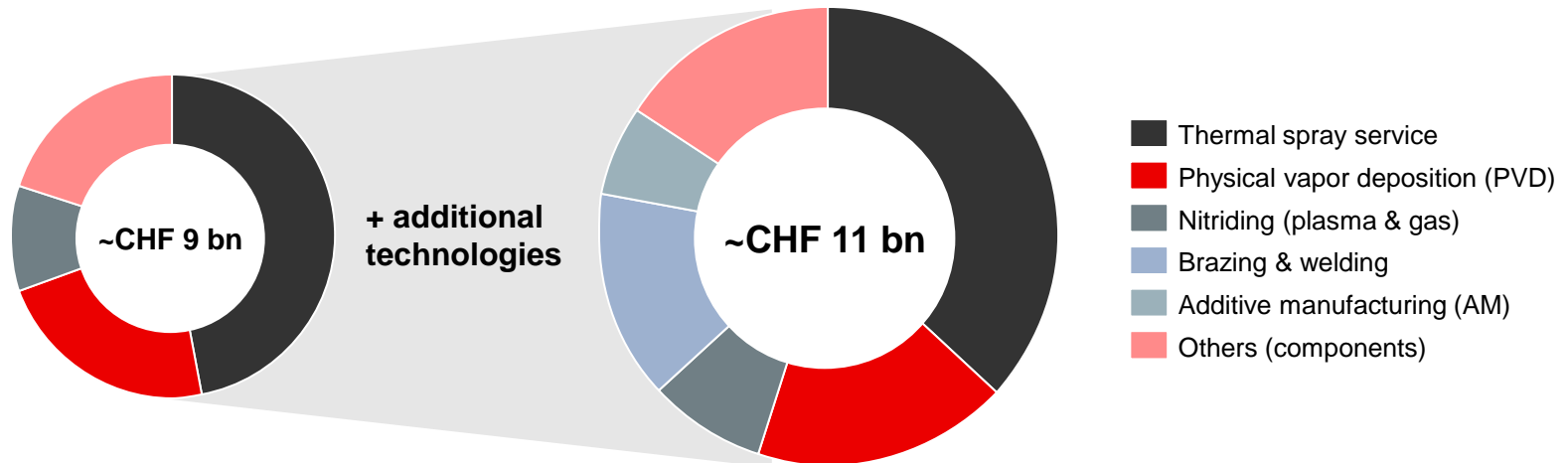
Industrialization of AM value chain is key to reach series production level

Disciplined expansion of business increases addressable market by ~20% to ~CHF 11bn

Total addressable market by technology (as of 2015)

Total addressable market based on current technology portfolio

Total addressable market incl. additional technologies



- By adding additional technologies such as brazing, welding and additive manufacturing, the Surface Solutions Segment's total addressable market increases by ~20% from ~CHF 9 billion to ~CHF 11 billion

1 Introduction

2 Oerlikon priorities

– INVEST: Surface Solutions Segment

– MANAGE: Manmade Fibers Segment

– FIX: Drive Systems Segment

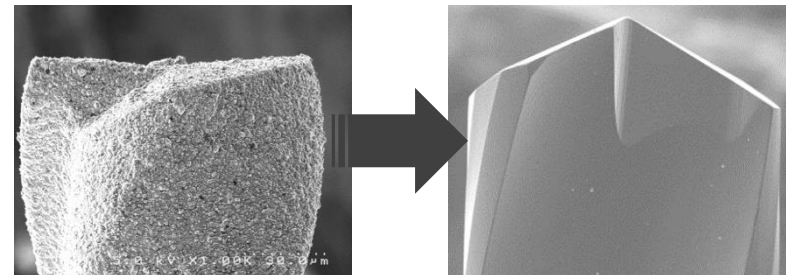
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Why do we need coatings? Modifying the surface is key to enhancing performance

- A coating is a **covering to add or augment a specific functionality** or property to a substrate
- **Increasing demands** on systems are imposing higher demands on tools and components, e.g. increasing performance or smaller dimensions
- Coatings are the **most effective way** (or often the only possible means) to **improve the operational performance**
- Coatings are to be applied at a **controlled thickness**, and a number of different processes are used to achieve this control using **high-tech machinery**



The Surface Solutions Segment is a leader in technologies to improve surface properties

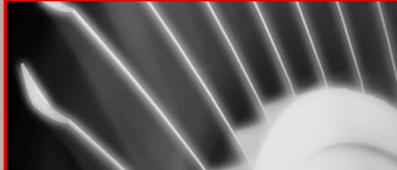
Main surface functionalities

Wear resistance



E.g. PVD coatings for cutting and forming tools

Thermal resistance



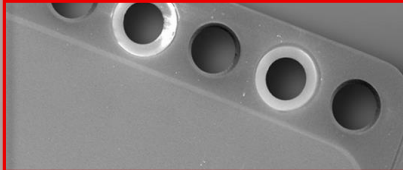
E.g. thermal spray coatings for turbine blades

Corrosion / erosion resistance



E.g. coatings for pump impellers

Electrical properties



E.g. oxide coatings for fuel cells

Friction reduction



E.g. DLC coatings (Diamond-like-coatings) for engine parts

Decorative enhancement

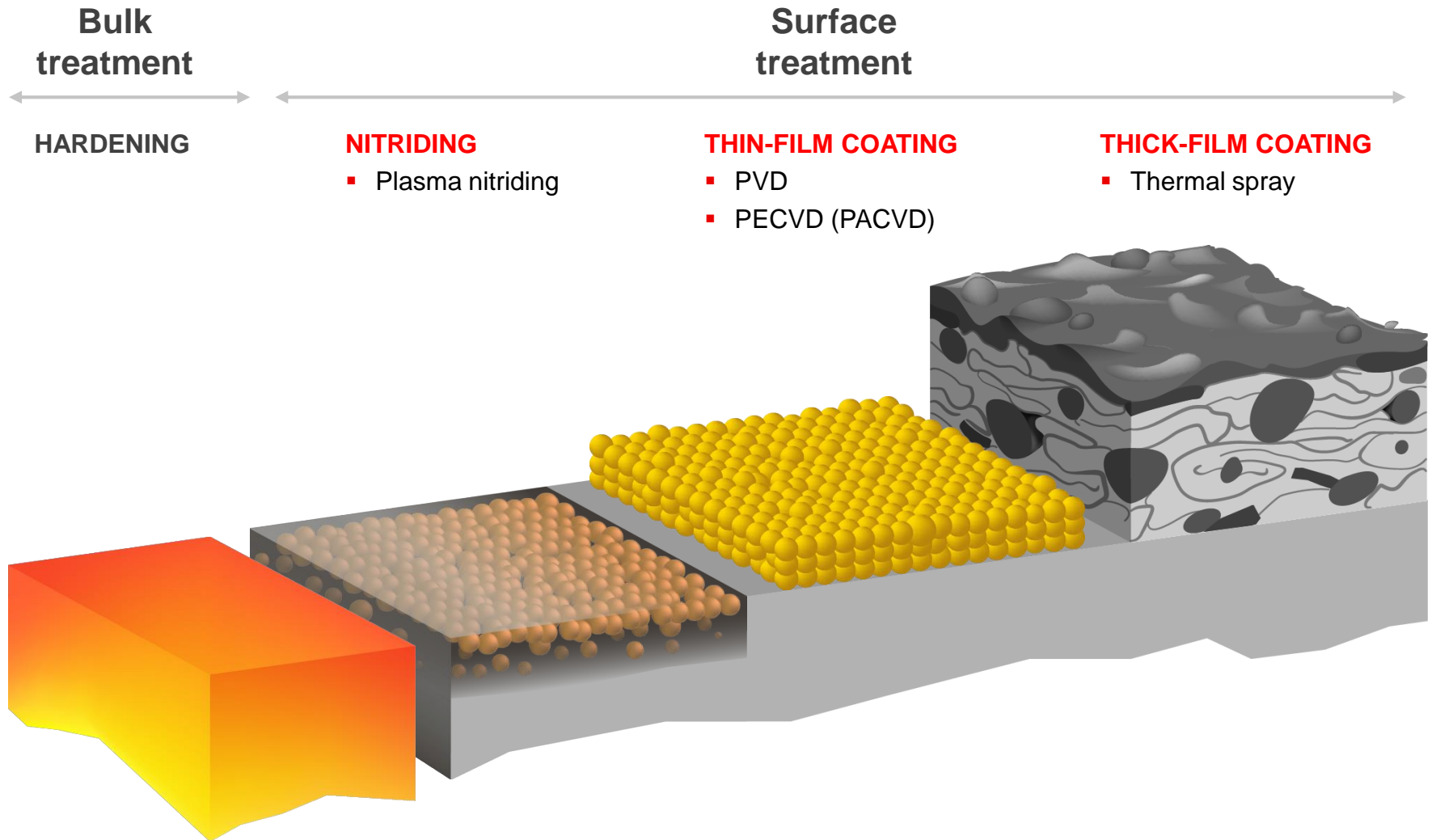


E.g. DLC coatings for watches; ePD¹ for decorative parts in cars

Surface solutions

¹ ePD = embedded PVD (thin-film coating on plastic substrate).

Oerlikon covers a broad range of surface technologies



Illustrations of the advantages of surface solutions

Oil & Gas

Reliability

Safe, lifelong sealing for subsea valves

Mining

Cost saving

Twenty-fold increase in mine dewatering pumps and tar sand screen life

Tools

Productivity

Coatings enable a 10% p.a. increase in productivity

Aerospace

Energy efficiency

1 million liters of fuel saved per hour, globally

Power generation

Increased lifetime

Over 25 000 hours of operation between services

Automotive

Environmentally friendly










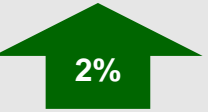

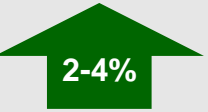
Enabling up to 5% fuel savings through reduction of friction for heavy-duty diesel engines¹



¹ Source: DEER 2007, Diesel Engine-Efficiency and Emissions Research Conference, Detroit.

Surface Solutions Segment serving attractive, growing end markets globally

Surface Solutions Segment – underlying market growth¹

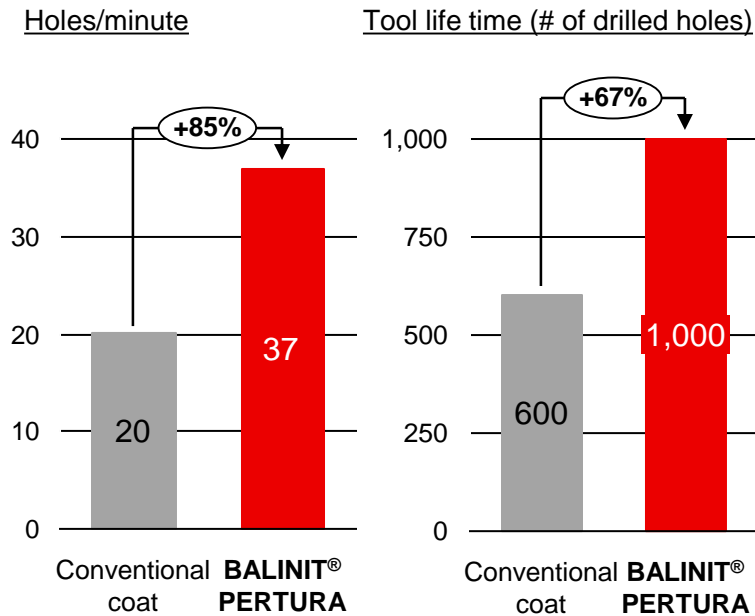
					
Aviation	Auto	Tooling	Power generation	Oil & gas	General industry
<ul style="list-style-type: none"> ▪ Lighter and more efficient materials ▪ Hotter engine temperatures ▪ Monolithic design enabled by AM 	<ul style="list-style-type: none"> ▪ Higher fuel efficiency ▪ Tighter emission regulations ▪ Increase resistance requirements ▪ Engine downsizing 	<ul style="list-style-type: none"> ▪ Higher productivity for higher speed tools ▪ Machining of ever harder materials ▪ Centralization of purchasing 	<ul style="list-style-type: none"> ▪ Higher energy efficiency ▪ Longer maintenance cycles ▪ New-generation technologies 	<ul style="list-style-type: none"> ▪ More sophisticated extraction methods ▪ Oil price ▪ Cost efficiency 	<ul style="list-style-type: none"> ▪ Automated production ▪ Higher energy efficiency
 <p>4%</p>	 <p>2-4%</p>	 <p>3%</p>	 <p>2%</p>	 <p>0%</p>	 <p>2-4%</p>

Surface Solutions business outperforming underlying growth markets

¹ CAGR 2015 – 2018.

Coatings on cutting tools significantly increase productivity and tool life

Conventional coat vs. BALINIT coat

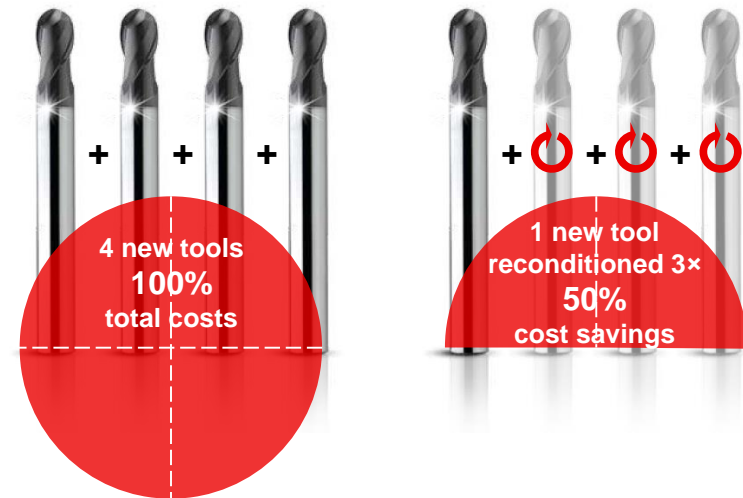


BALINIT Pertura coat from Oerlikon Balzers

- ...increases drilling speed by factor of 2.5 from 80 m/min to 210 m/min and therefore increases productivity by 85%
- ...extends tool life time by ~67% (1 000 holes instead of 600 holes)

Reconditioning

Reconditioning = regrinding and recoating

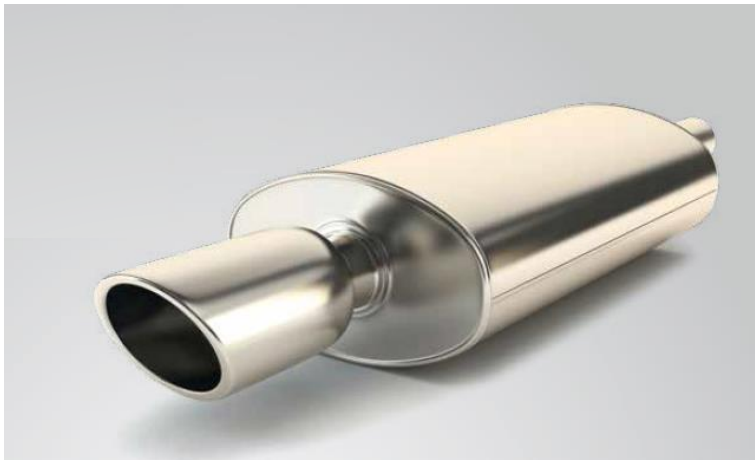


A used tool can be reconditioned up to three times (some tools up to eight times) and has the same performance as a virgin tool but at 50% of the costs

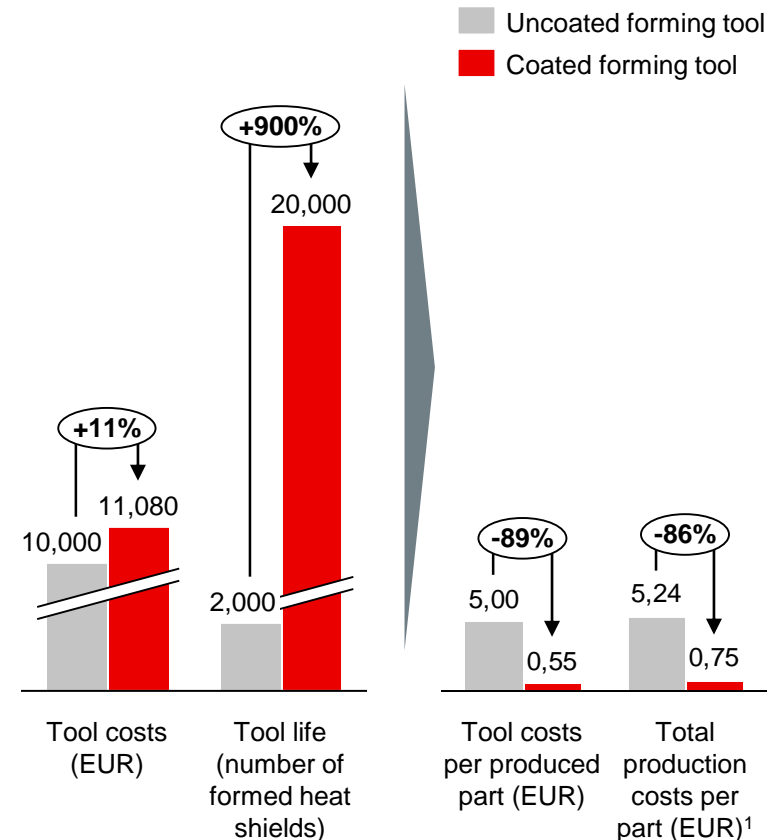
Coatings on forming tools reduce production costs by more than 80%

Coated vs. uncoated forming tools

- When forming stainless steel, untreated tools quickly approach their limits. The series production of heat shields, for instance, will stop at about 2 000 produced parts due to cracks in the tool surface
- With thin-film coatings, the life of the forming tool can be extended by a factor of ten



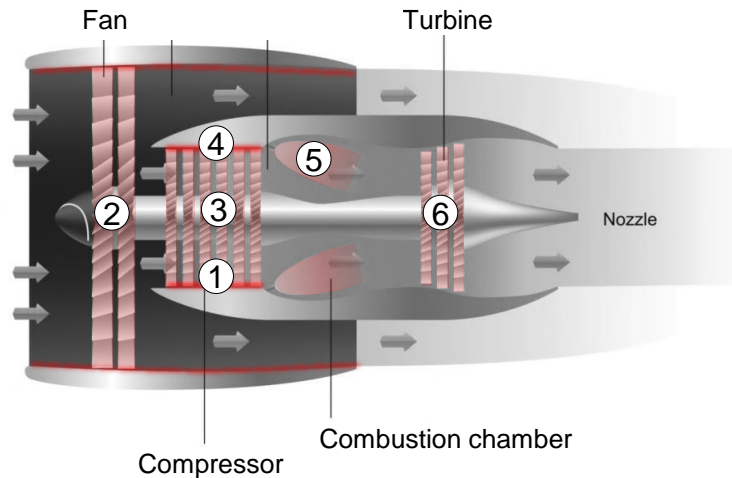
Significant savings in production costs



¹ Production costs of € 0.20; extra cost per part for uncoated tools of € 0.04.

Coatings of jet engine parts significantly reduce fuel consumption and CO₂ emissions

Coated parts in a jet engine



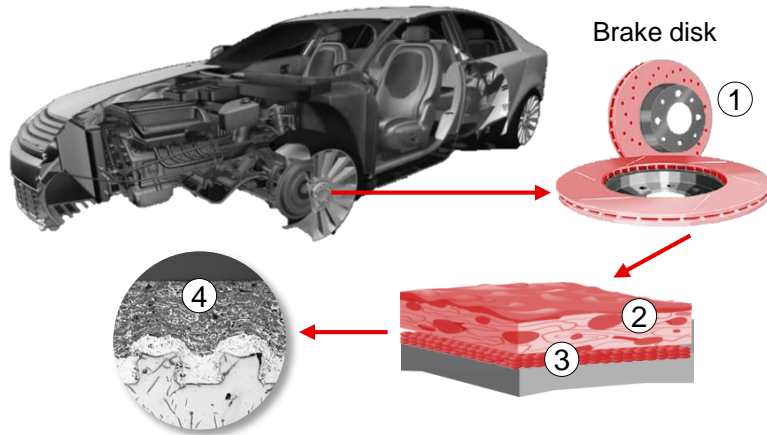
- ① Abradable seal coatings (TS) on casing
- ② Wear protection coatings (TF & TS) of blades
- ③ Erosion resistance coatings (TF) of compressor blades
- ④ Blade tip and fire barrier coatings of compressor casing (TS)
- ⑤ Thermal barrier coatings (TS) of combustion chamber and turbine blades (TS)
- ⑥ Corrosion / oxidation protection coatings of turbine blades (TS)

Significant savings in fuel consumption

- Demand for improved fuel efficiency
 - Elevating turbine operating temperature drives fuel efficiency
 - Operating temperature of critical components limited by base materials (e.g. superalloys)
- ▼
- Compressor abradable seal coatings on the casing lead to a 2% improvement in engine overall efficiency
 - Savings of more than 4 800 million liters of fuel, worth ~USD 4 billion
 - Avoiding 12.3 million tons of CO₂ p.a. for the global fleet of civil aircraft
 - Even more fuel savings thanks to other coated parts in jet engines

Coatings allow the use of high-performing cast-iron brake disks instead of full ceramic disks

Coated brake disks in a car



- ① Cast-iron brake disk heat treated and coated with TS
- ② Metal matrix composite (MMC) or carbide coatings (TS) as wear-resistant coating on brake disk
- ③ Heat-treatment layer for superior corrosion protection proprietary to Oerlikon Metco
- ④ Coating cross section – patent pending on coating system, patent granted for coating composition

Less costly alternative to ceramic disks

- Demand for corrosion protection, higher performance (less fading), higher comfort (less noise), no dust on rims
 - Rising demand to reduce emissions caused by brake dust, enhanced corrosion protection for hybrid cars
 - Shiny brake disks as design element
- ▼
- Coatings on conventional cast-iron brake disks:
 - Add ~CHF 40 extra costs on a ~CHF 160 noncoated conventional disk
 - 3x longer lifetime compared to conventional disks
 - Brake dust emission reduced by 50%
 - 90% less costs compared to a ceramic disk
 - Interesting for special vehicles (RVs, construction, military) or other applications (wind turbines, elevators)

Success story Metco integration – combining leading surface technologies

Status quo

Customer perspective:

- Food industry has special surface requirements: easy to clean, no abrasion
- Efficient processes needed for abrasion protection of stainless steel parts
- Market is looking for an improvement on existing solution



Oerlikon perspective:

- Balzers worked on stainless steel surface treatments, yet so far had no competitive solution for the food industry
- Metco has know-how in nitriding
- Development of solution only possible due to combined R&D forces

Oerlikon's solution

Technology:

- Joint development by Balzers application and Metco process engineers
- Low-temperature plasma nitriding process for austenitic stainless steel

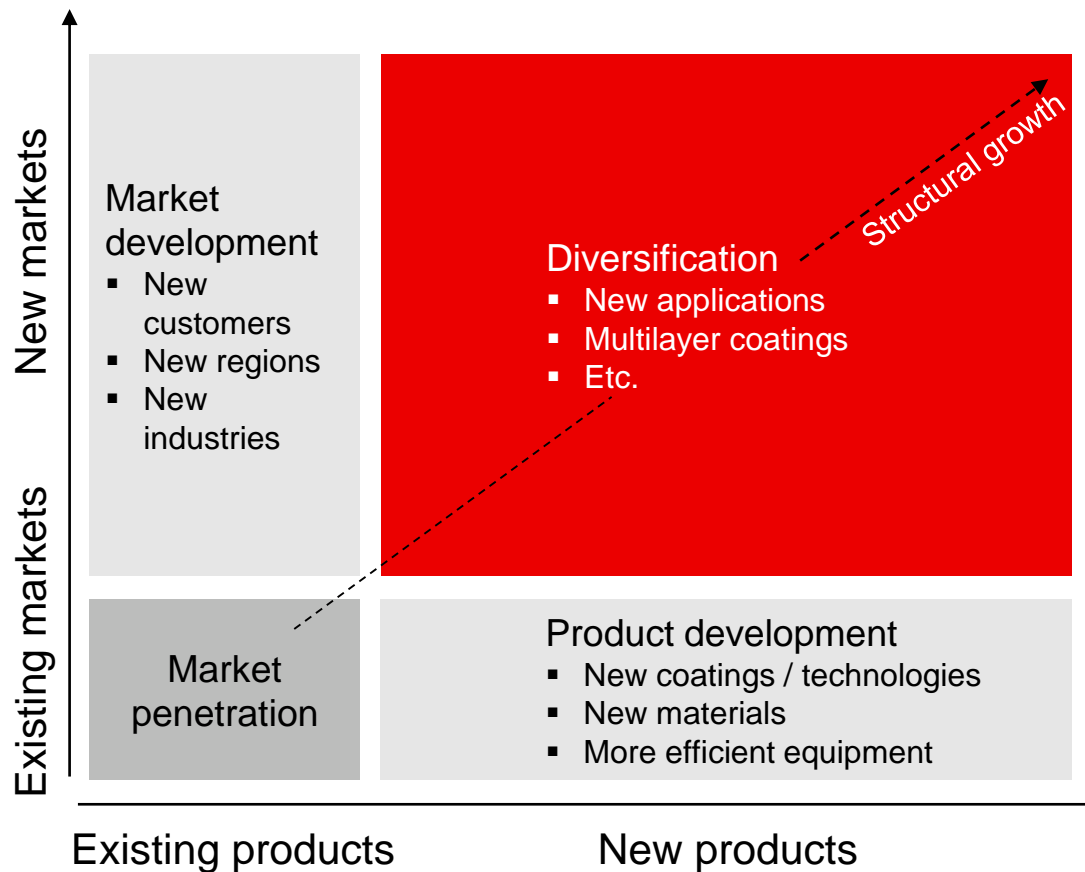


Market rollout:

- | | |
|---------|--|
| 02.2015 | Process development |
| 07.2015 | Customer sampling in Germany, Italy, France and UK |
| 01.2016 | Production |

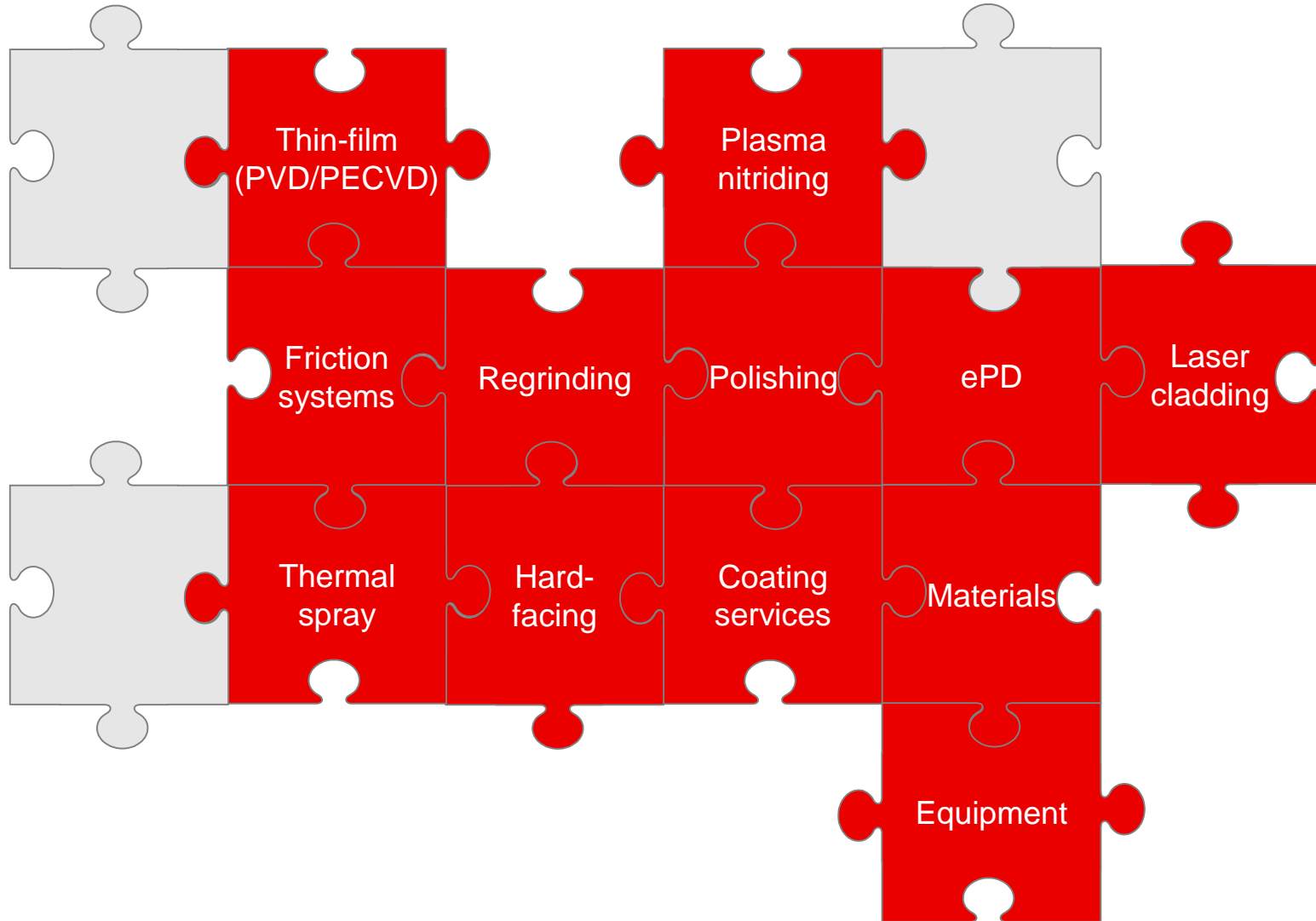
Only scratching the surface so far ...

Big growth potential in all areas



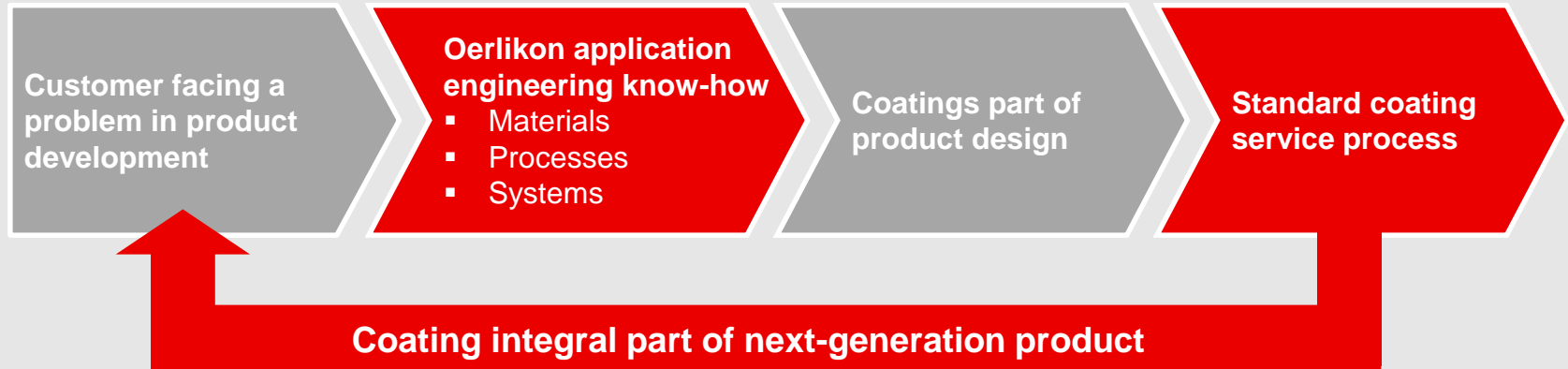
- Increasing number of coated parts in existing applications
- New applications / end markets providing substantial growth potential
- E.g. the number of thin-film coated parts in a car increased from ~15 parts to up to 100 parts
 - 1990s: first applications of thin-film coatings in diesel injector systems
 - Since 2008: coatings also applied on piston pins (starting with a small number; in 2015 more than 22 million coated piston pins)
 - 2015: whole piston group, oil actuation, ESP / brake systems and engine peripheral parts are coated
 - Future serial applications include transmission parts, differential gears, cooling systems, turbochargers etc.
- ➔ Also an increasing number of thermal spray coated components in a car

Value proposition 1: broadest product and service offering



Value proposition 2: strong application engineering competence

Oerlikon delivers solutions for most challenging surface requirements through distinct technology and engineering know-how



Customer example: customer in the automotive industry facing a problem with cylinder bores

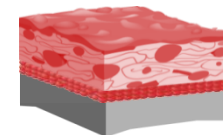
→ Friction reduction by matching of inner bore thermal spray and PVD piston ring coating



Performance requirement



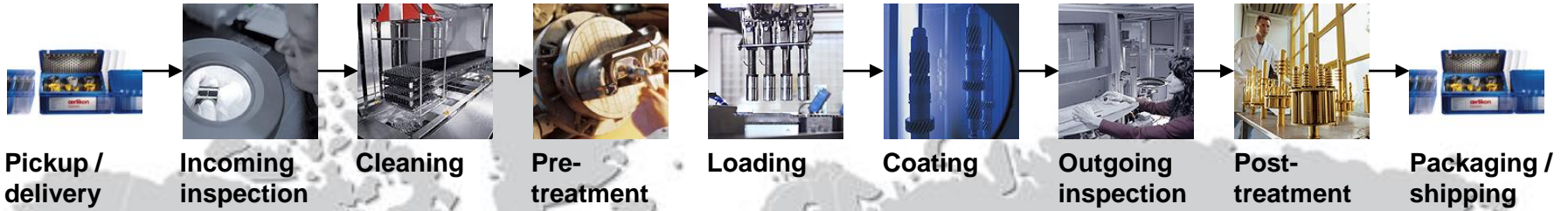
Application engineering



Coating solution

Value proposition 3: largest coating service center network worldwide

Example of PVD coating service:



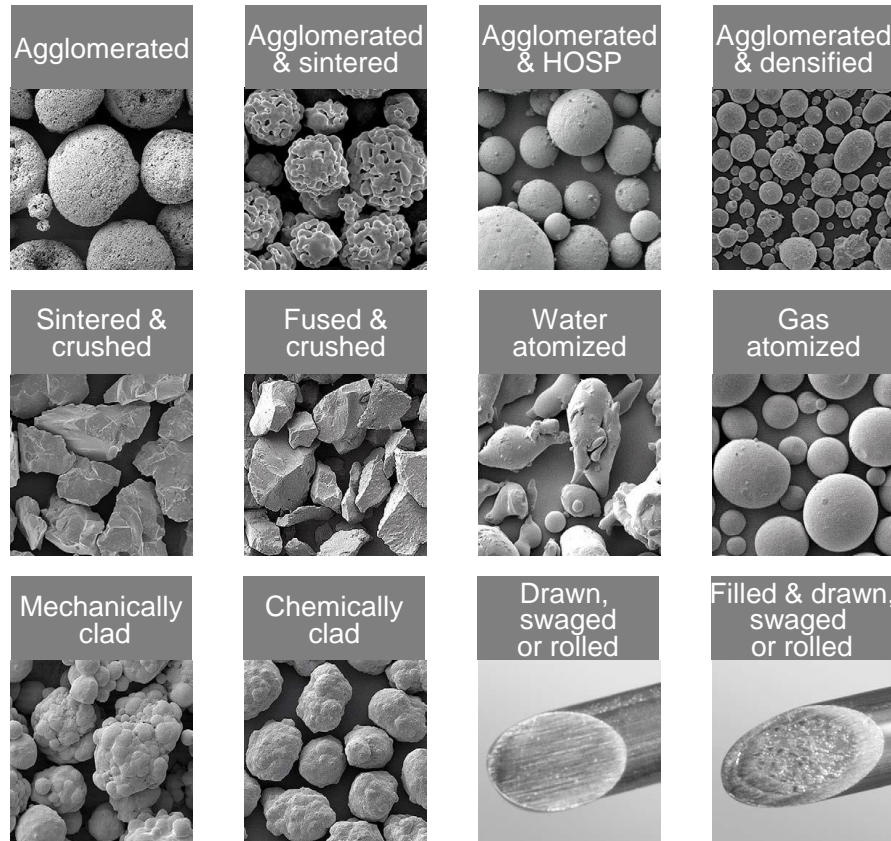
24–48 hrs from pickup at customer site to reshipment



Over 140 service and production centers in 36 countries worldwide

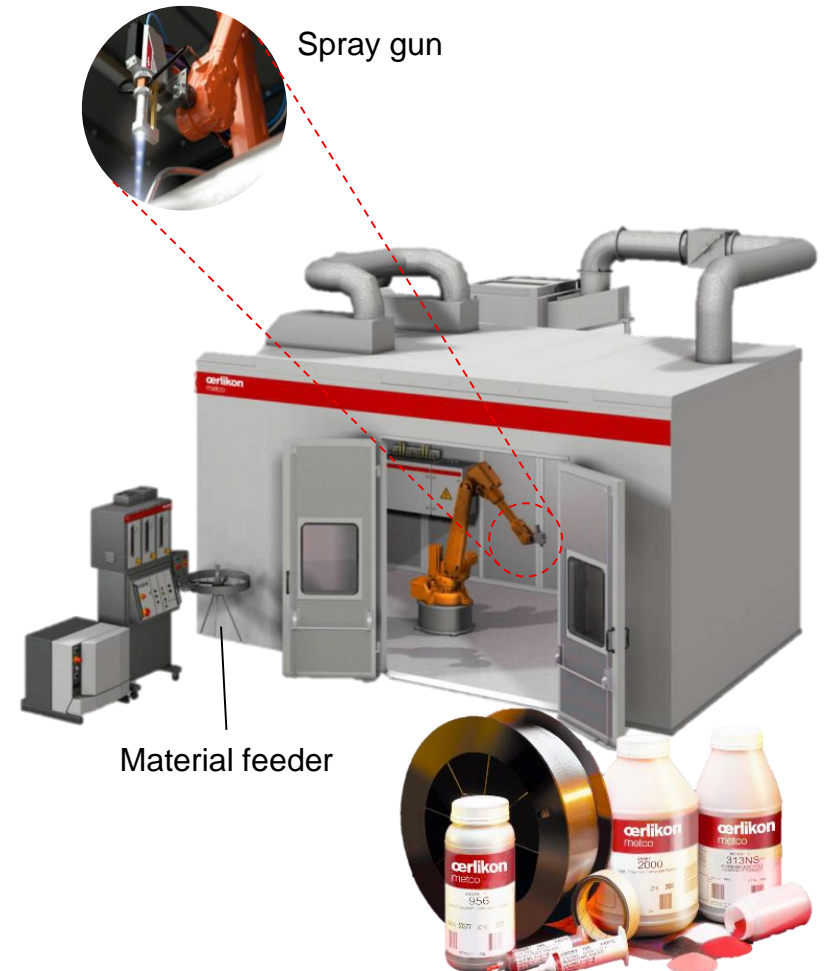
Value proposition 4: broad and versatile portfolio of materials and equipment

Thermal spray materials



Constantly developing new materials with new properties, based on customer / application requirements

Thermal spray equipment



Clear roadmap

- Create a global surface solutions and advanced materials powerhouse
- Surface Solutions to be strengthened and expanded through high-value-add investments into new materials, technologies, services and industries
- Ambition to outgrow underlying markets

Unique value proposition

- Largest product and service portfolio and global footprint
- Beyond state-of-the-art technology position and application engineering competence

Underlying market forces

- Surface solutions and advanced materials remain the key enablers for productivity gains, energy efficiency and lightweight solutions
- Attractive new growth markets open up (e.g. additive manufacturing)

1 Introduction

2 Oerlikon priorities

– INVEST: Surface Solutions Segment

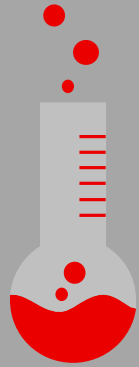
– **MANAGE: Manmade Fibers Segment**

– FIX: Drive Systems Segment

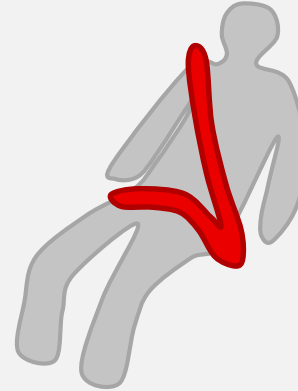
3 Financial implications

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Manmade fibers are made from synthesized polymers. The compounds that are used to make these fibers come from raw materials such as petroleum-based chemicals. Manmade fibers are more durable than most natural fibers. In addition, many synthetic fibers offer consumer-friendly functions such as stretching, waterproofing and stain resistance.



Manmade fibers are spun and woven into a huge number of consumer and industrial products, including garments, home furnishings, such as upholstery and carpets, and industrial textiles, such as drive belts and tire cord.

The demand for fibers is increasing due to the growing world population. Natural fibers such as cotton, however, have only limited availability.



Polymers have become familiar household materials and are also made into numerous nonfiber products such as PET bottles.



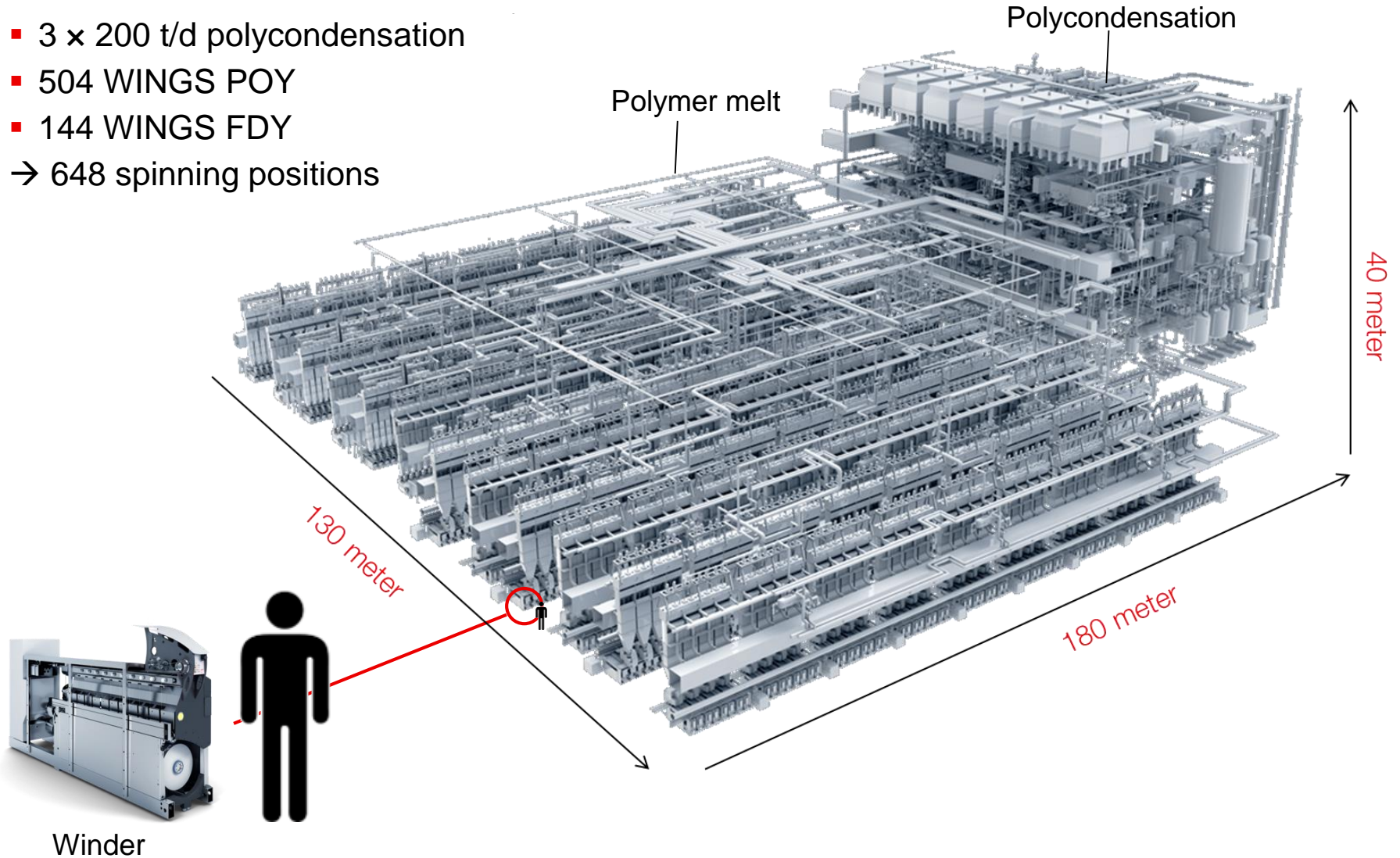
Compared to natural fibers, many synthetic fibers are more water-resistant and stain-resistant. Some fabrics are also designed to stretch in specific ways, which makes them more comfortable to wear.

Cotton is resource intensive: it takes a lot of water to farm cotton. Wool sheep also need water, and a lot of grazing land in order to survive. Although synthetic fiber production does involve some carbon emissions, the environmental footprint of many fibers is much lower.



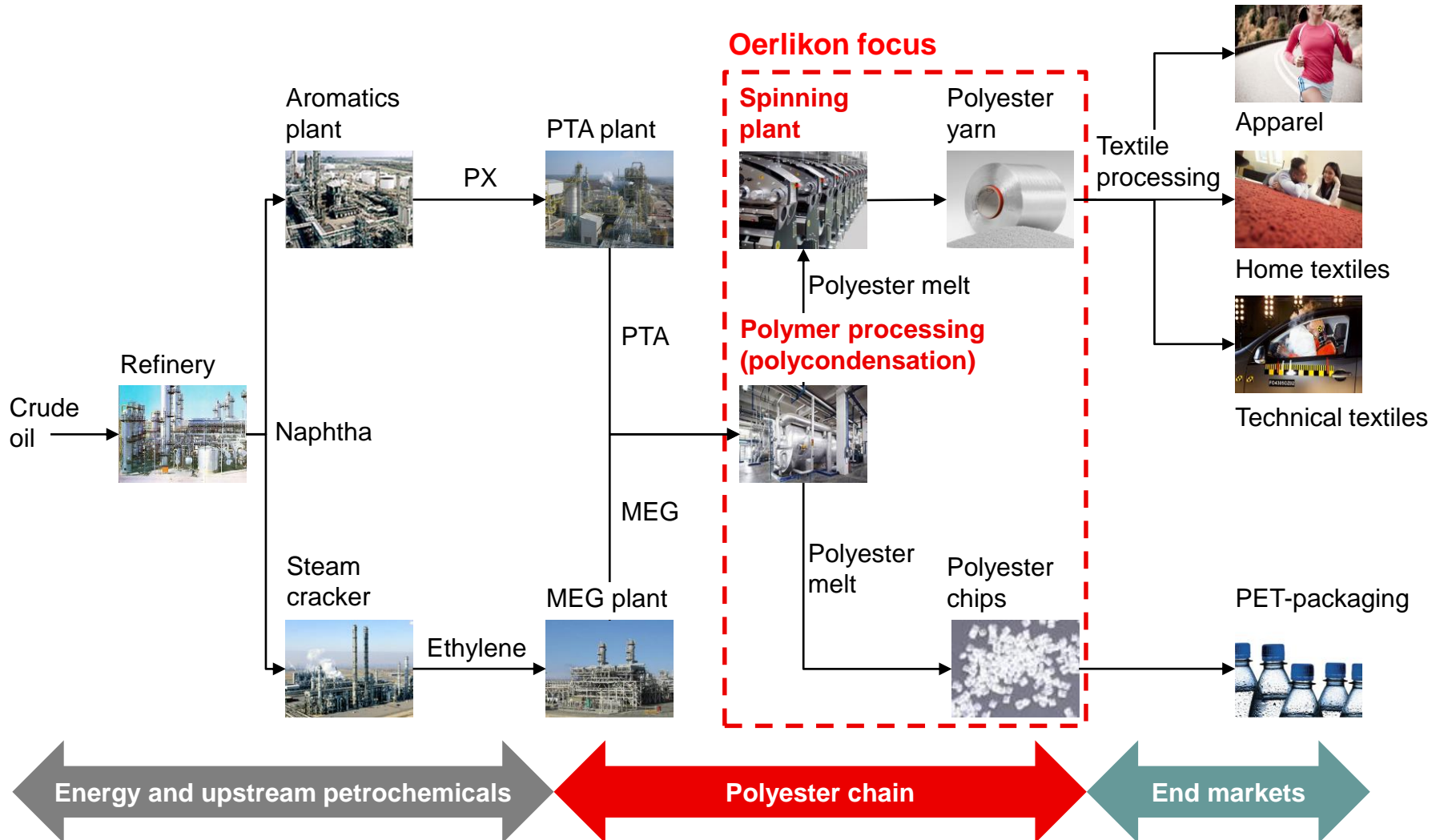
Customer example – spinning plant

- 3 × 200 t/d polycondensation
 - 504 WINGS POY
 - 144 WINGS FDY
- 648 spinning positions



Daily output: 365 000 bobbins (15 kg each) → 1 train with 275 wagons (total length of 4 km)

Oerlikon in the middle of the polyester value chain



PX = paraxylene; PTA = purified terephthalic acid; MEG = monoethylene glycol; PET = polyethylene terephthalate.

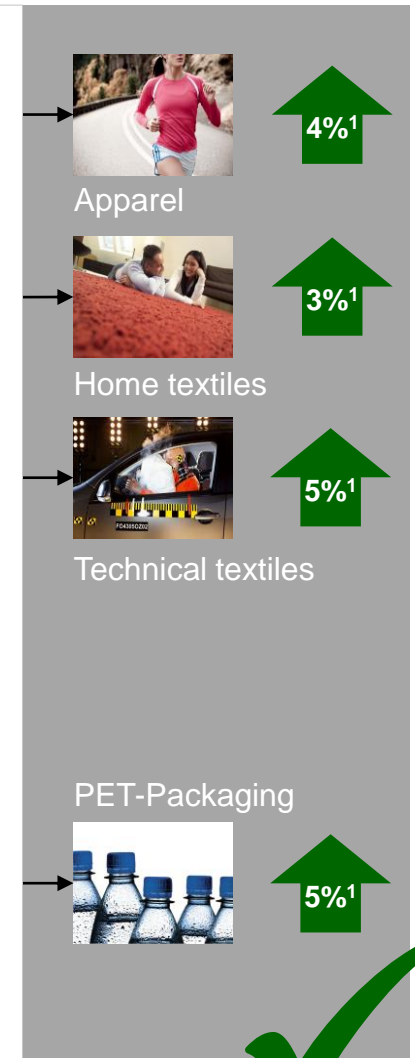
End-market growth intact due to increasing fiber consumption globally

Sustainable growth in manmade fibers consumption supported by:

- Population growth
- Increased wealth (increasing per capita consumption, especially in emerging markets)
- New (technical) applications

Industry trends:

- Apparel: higher-quality yarn and ecologically friendly
- Home textiles: applications with soft fibers and attractive housing market in USA with increasing removals
- Technical textiles: performance improvements and cheaper raw material

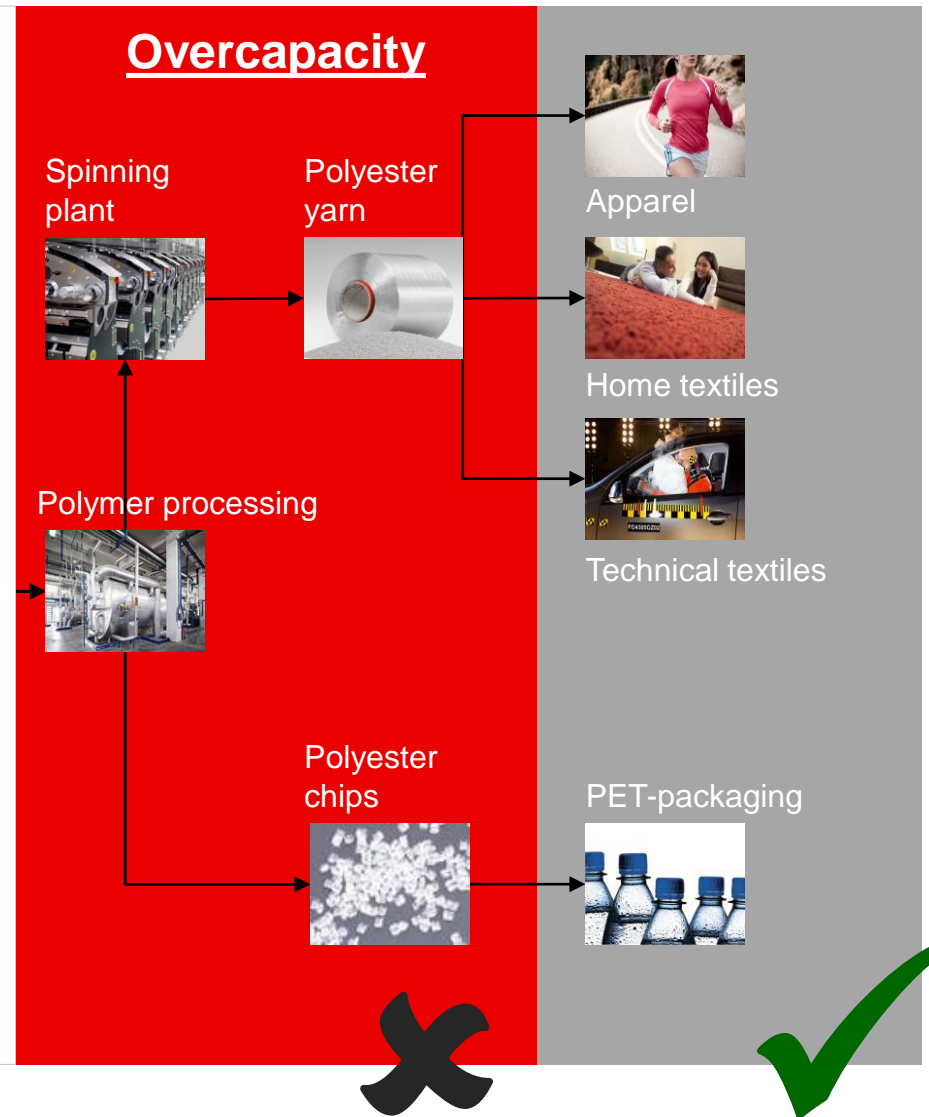


¹ CAGR 2015–2018.

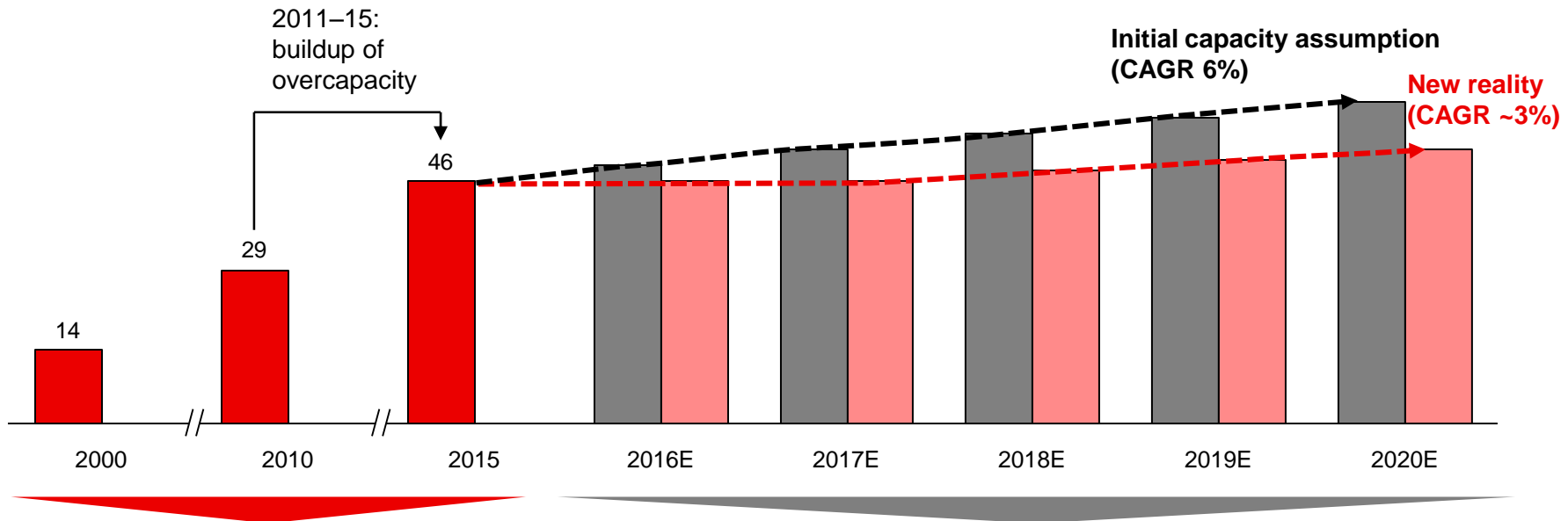
Overcapacity in polyester value chain, driven by China

Overcapacity in Chinese market

- Strong capacity expansion until 2015
- China with biggest installed capacity, driven mainly by 12th Chinese five-year plan
- Short-term market reset to absorb overcapacity



Revised growth environment in China in the short term due to significant overcapacity



Boom of Chinese textile industry driven by 12th five-year plan

- China with ambition to become number one in textile industry
- Subsidies from Chinese government
- Easy access to financing

→ Overcapacity of 20 to 25%

Current situation characterized by overcapacity and general slowdown of Chinese economy

- Postponements of large-scale projects and cancellation of smaller projects from Chinese customers
- New regulations for handling chemicals after Tianjin explosion
- Slowdown of Chinese economy and devaluation of RMB also impacting the Chinese textile industry
- External factors additionally impacting global textile industry:
 - General economic downturn worldwide
 - Low oil price putting pressure on Segment's customers

Directional adaptation in upcoming 13th Chinese five-year plan¹

Initial expectations

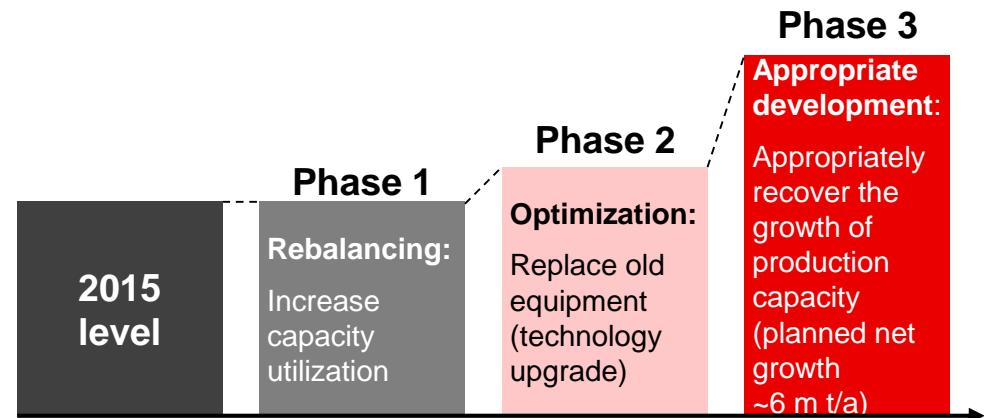
Initially positive indications from first drafts of 13th five-year plan

- Textile industry to be at the core of the five-year plan
- Continuous substitution of natural fibers with manmade fibers
- Focus on high-tech fibers
- Energy-efficient equipment

Latest assessment

Now rather cautious indications from current drafts of 13th five-year plan (2016–2020)

- Annual average growth rate of capacity expected to be around 3% (vs. >9% in 12th five-year plan)
- Chinese government controlling the new production capacity to improve utilization of existing capacity
- Three overlapping phases expected in 13th five-year plan:



¹ 13th Chinese five-year plan expected to be approved in March 2016.

The Segment taking measures to address artificially created trough

Segment management team experienced in managing cycles

After the financial crisis in 2008/2009, the Segment took several measures to strengthen performance/positioning:

- Significant reduction of breakeven sales
 - Increased share of temporary workers
 - Capacity limited to CHF 1.1 billion to prevent overcapacity and be prepared for expected normal cyclical of manmade fibers industry
- Segment well positioned to handle a “normal cycle”

Normal cycle turned into an “artificial” trough

- Normal cycle in combination with the general weak global economy and the low oil price created a perfect storm
- Despite the flexibility of the Segment’s business model, additional measures are now necessary to cope with the new market reality

Mitigation measures initiated

- Accelerated operational excellence
- Further variabilization of costs
- Resizing of workforce
- One-time reorganization costs of around CHF 35 million in 2015 → reported EBITDA margin impacted by ~4 percentage points
- No impairment

Market assessment

- Despite the current downturn, there are still areas of growth as the downturn is related to the filament business in China
- Good growth prospects in nonwovens and other Asian countries outside China

Outlook

- Revised growth environment in main market China leading to limited business opportunities in 2016 and 2017
- Improving prospects as of 2018 onward

Structural adaptations

- Reorganization measures to secure profitability leading to one-time costs of around CHF 35 million in 2015
- Resizing of workforce
- Adjust organization to allow it to benefit from future market recovery

Best-in-Class business

- Manmade Fibers Segment Best-in-Class business with leading market and technology position
- Investment case intact due to good underlying market growth

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– MANAGE: Manmade Fibers Segment

– **FIX: Drive Systems Segment**

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Drive Systems Segment confronted with internal and external challenges

Factors leading to status quo

- Acquisition of Drive Systems Segment (part of Saurer transaction in 2007) leading to significant goodwill position on Oerlikon balance sheet
- High exposure to cyclical end markets (i.e. agriculture, energy and construction)
- Very broad and complex product portfolio with several product lines and more than 15 000 part numbers; Suboptimal footprint
- Major end markets experiencing a significant downturn at the same time
- ~70% of the Segment's top line exposed to these markets

Result

- Segment performance below internal and external expectations
- General downturn in key end markets overshadowing accelerated operational excellence and cost-saving efforts of the Segment
→ additional measures required

Challenges in Drive Systems Segment's end markets in the short and medium term

Drive Systems Segment



Agriculture

- Population increase
- Higher productivity
- Sustainable developments



Construction

- Mobility increase
- Urbanization



Transportation

- Urbanization
- Higher efficiency



Energy

- Energy demand
- Oil price



Mining

- Weak commodity prices and demands
- Higher efficiency and lower costs



Automotive

- Urbanization
- Increase of middle class
- E-vehicle trends

Low to negative growth environment in the short term

Megatrends to support long-term attractiveness of the business

New Segment strategy – focusing on key competencies and products

Streamlining of product portfolio



- Reduce product width: main focus on four key product lines: gears, shifting solutions, planetary drives and e-drives/hybrids
- Reduce product depth: reduce total number of products by around 20%

Increase range of applications



- Increase range of applications by rolling out key products into adjacent industries with similar applications, i.e. commercial and utility vehicles

Focus factory concept



- Implementation of a focused factory concept with clear lead factories for product lines
- Each factory with maximum two product lines

Order quality



- Focus on key customers and higher-value-added projects
- Improve quality of orders

Increasing range of applications – planetary drives for spray tractors

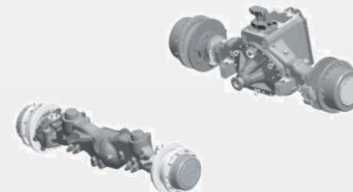
Core competencies

- Under the brand Oerlikon Fairfield, the Segment is a leading manufacturer of **engineered drive products** for OEMs
- It is successfully applying them in off-highway equipment as **planetary drives**



Increase range of applications

- In the field of spray tractors, OEMs are constantly evolving these machines to make them more productive
- Oerlikon Fairfield developed a **new planetary drive** with a hydraulic or electric motor for self-propelled spray tractors and compact construction vehicles
- The new series offers a patented **internal service brake** that improves safety and performance by **eliminating the potential for chemical corrosion** present with external braking mechanisms



Increasing range of applications – bevel gear set for commercial vehicles

Core competencies

- Under the brand Oerlikon Graziano, the Segment is a leading manufacturer of **bevel gear sets**
- Bevel gear sets are one of the **most demanding gear configurations**
- Oerlikon Graziano is successfully applying them in agriculture and automotive applications as differentials and power transfer units



Increase range of applications

- Oerlikon Graziano successfully **expanded the core technology into new markets** and applications, such as differentials for commercial vehicles, all-terrain vehicles (ATV) and electric cars
- Oerlikon Graziano is also introducing electronically controlled limited slip differentials to the performance car market



Reorganization measures initiated to adapt to current market trends

Technology upgrade	Reorganization	Financial impact
<ul style="list-style-type: none">Investments in cutting edge manufacturing technology enable the Segment to maintain / expand its leading position in gears and synchronizer systems into commercial vehicles and to further strengthen its competitive position in clutch modules	<ul style="list-style-type: none">Reduction of cost base<ul style="list-style-type: none">— Streamlining of portfolio/product offering— Order selectivityResizing of global workforce; workforce in US already reduced by approximately 250 FTEs	<ul style="list-style-type: none">About CHF 25 million capex over the next three years related to technology upgradeReorganization provisions in the range of CHF 55 to 65 million in 2015Goodwill impairment of around CHF 470 million given the current weakness in key end markets impacting the medium- to long-term outlook

→ Fix Drive Systems Segment to allow for value-creating options

Segment strategy

- Streamlining of product portfolio
- Increase range of applications
- Focus factory concept
- Order quality

Reorganization

- Resizing of global workforce
- Reorganization costs in the range of CHF 55 to 65 million in 2015

End-market prospects

- Goodwill impairment of around CHF 470 million given the current weakness in key end markets impacting the medium- to long-term outlook

Outlook

- Fix Drive Systems Segment to allow for value-creating options

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Divestment of Vacuum Segment announced – deal terms and impacts on accounts

Rationale

- The transaction provides Oerlikon with a stronger position to invest in its leading businesses
- Atlas Copco is an ideal owner to unfold the full potential of Oerlikon Leybold Vacuum as they have a strong position and wide expertise in the vacuum and compressor sector
- Oerlikon Leybold Vacuum:
 - Sales (to third parties) of CHF 390 million in 2014
 - EBITDA of CHF 41 million in 2014
 - Around 1 600 employees at 30 locations worldwide

Deal terms

- Transaction based on an enterprise value of CHF 525 million
- Oerlikon expects net cash proceeds of around CHF 330 million
- CHF 167 million net pension liabilities
- The transaction is expected to close in mid-2016, subject to regulatory merger approvals
- The Segment will be reported under “discontinued operations” in the 2015 full-year accounts
- Result from discontinued operations:
 - 2015E: ~ minus CHF 26 million (including impact from divestment of Advanced Technologies Segment)
 - 2016E: ~ CHF 270 to 290 million positive

Addressing cost base by reorganization and continued operational excellence

Costs and savings related to reorganization

- Structural adaptation and reorganization costs in Manmade Fibers and Drive Systems Segment totaling CHF 90 to 100 million in 2015
- Noncash goodwill impairment in Drive Systems Segment of around CHF 470 million
- Expected annual savings of CHF 50 to 60 million starting 2016

Cost savings related to operational excellence program

Entire program centrally led by Group Business Services



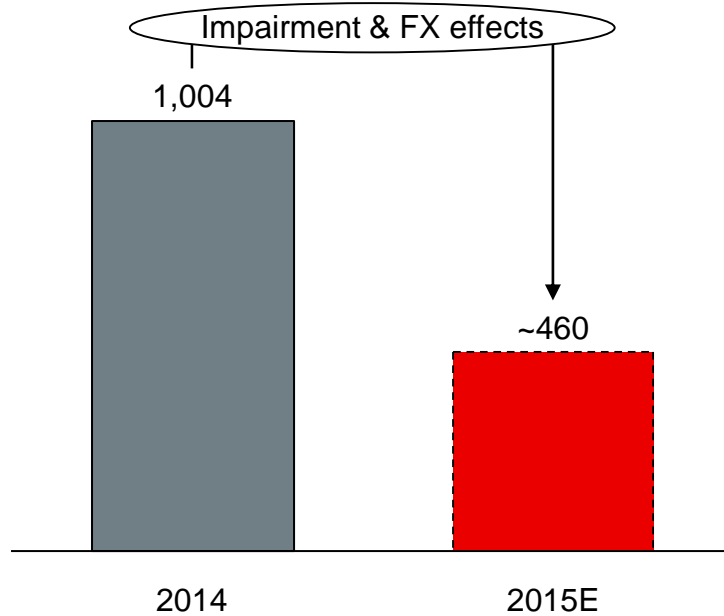
- Productivity improvement with a focus on supply chain management
- Expected annual gross savings of ~CHF 40 million to compensate for market-driven factors and cost inflation

Recurring annual gross savings of up to CHF 100 million starting 2016

Equity to cover remaining goodwill by factor of three after full Drive Systems goodwill impairment

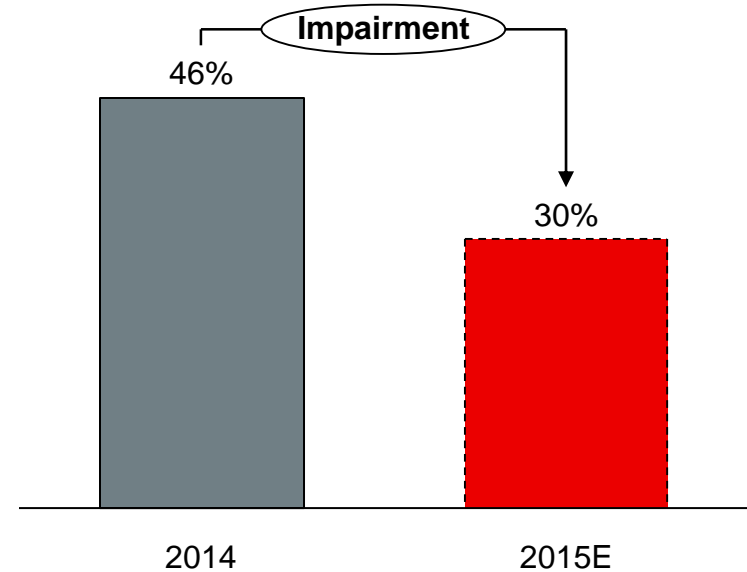
Goodwill Oerlikon Group

In CHF million



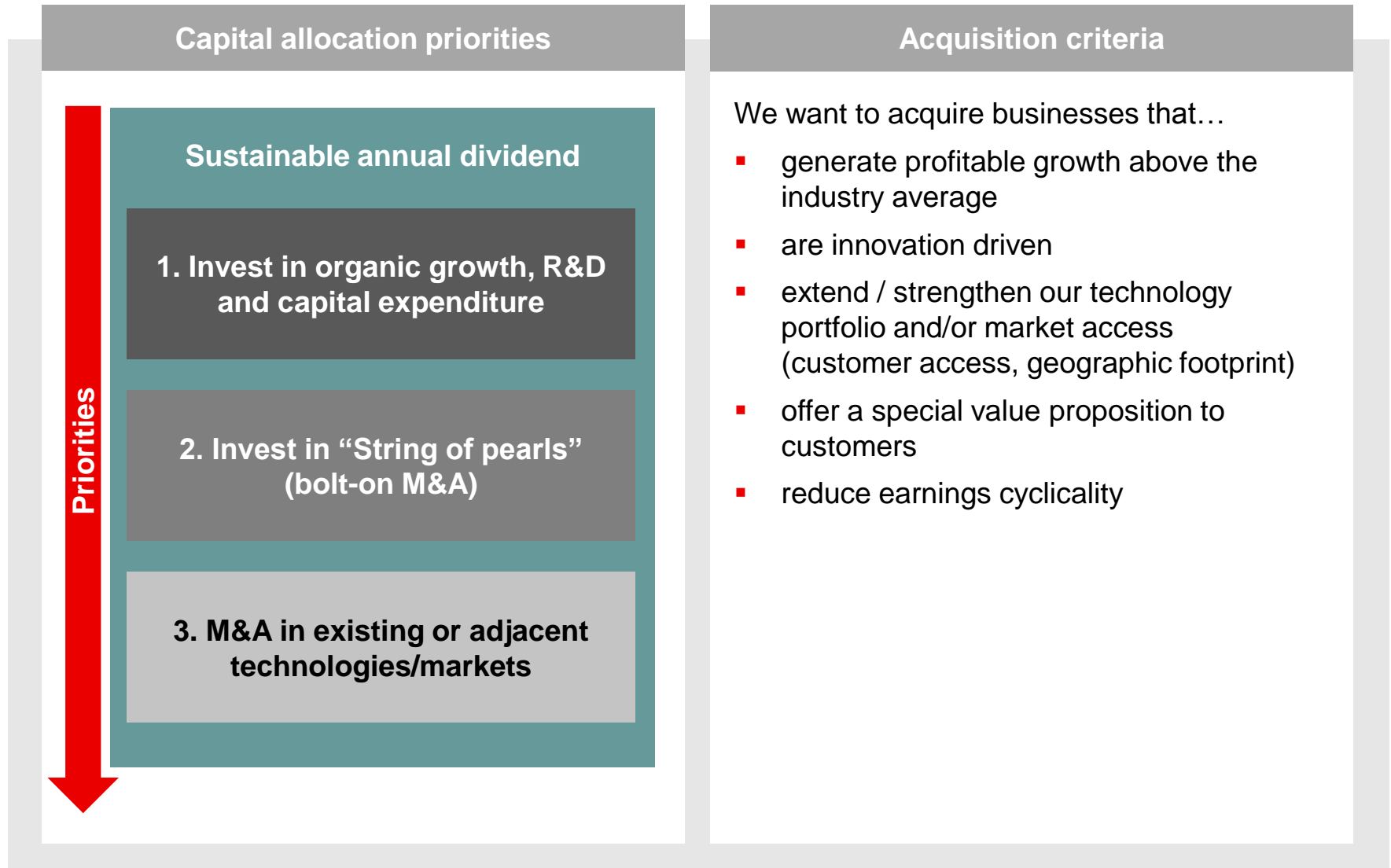
- Around CHF 470 million goodwill impairment in Drive Systems Segment

Goodwill / equity ratio



- 2015E: Goodwill / equity ratio of 1:3

Clearly defined capital allocation priorities and acquisition criteria



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Summary – Value creation based on clear priorities for each Segment

Value creation

- Create a global surface solutions and advanced materials powerhouse
- Focus on strongest market opportunities and Group core competencies and technology positions

INVEST – Surface Solutions Segment

- Outgrow market and pursue additional inorganic value-adding M&A
- Growth platform into new attractive markets (e.g. new applications, additive manufacturing)

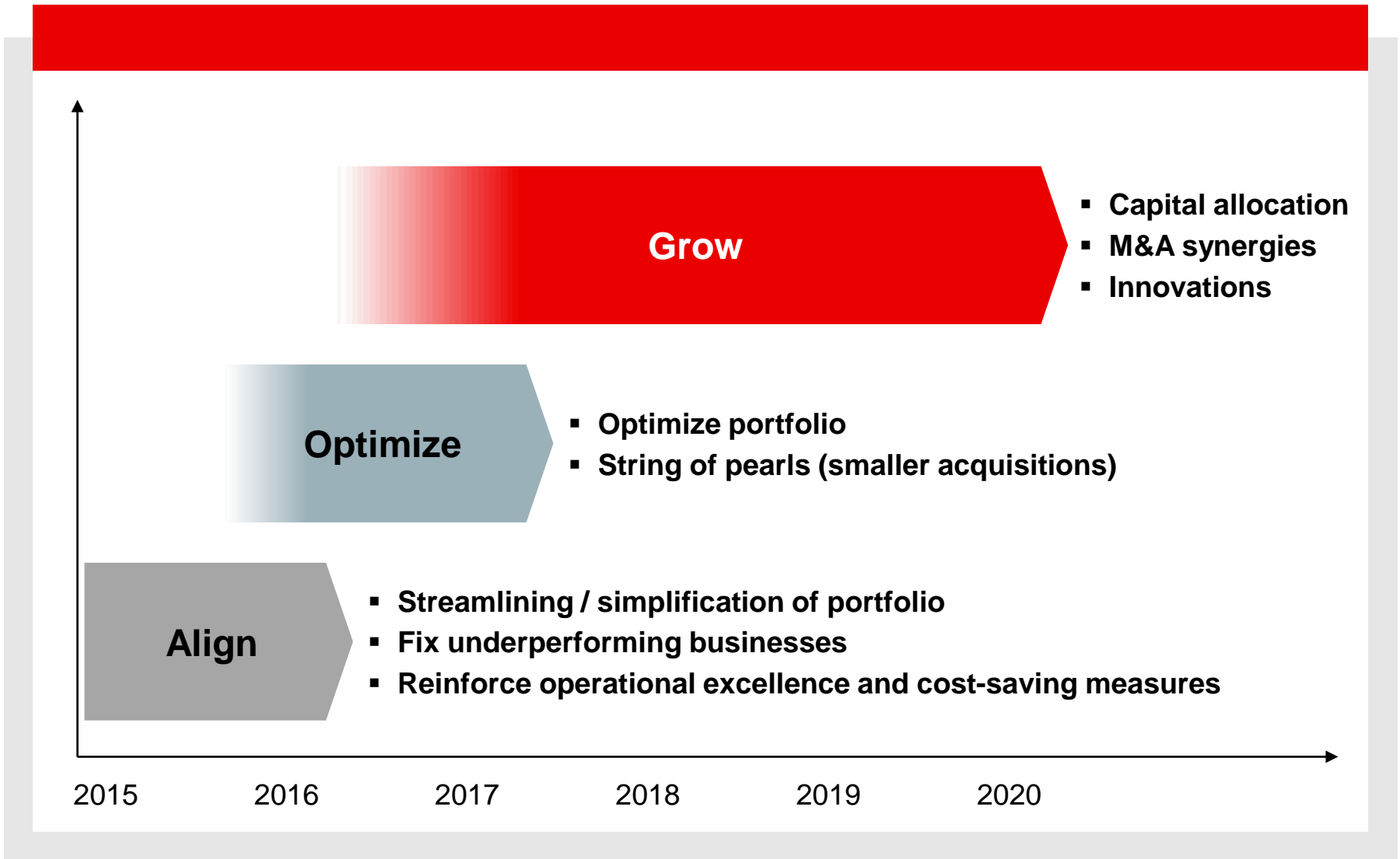
MANAGE – Manmade Fibers Segment

- Segment taking structural adaptation measures to secure profitability
- Underlying market growth still intact

FIX – Drive Systems Segment

- New focused Segment strategy accompanied by reorganization measures
- Improve performance to allow for value-creating options in the medium term

Three phases toward a high-value-creating portfolio



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Thank you.



March 1, 2016

Q4 / FY 2015 results and publication of Annual Report 2015
- Annual Press Conference

April 5, 2016

Annual General Meeting of Shareholders
- KKL Lucerne

May 10, 2016

Q1 2016 Results
- Media & Analyst Conference Call

August 2, 2016

Q2 / HY 2016 results and publication of Interim Report 2016
- Media & Analyst Conference Call

November 2, 2016

Q3 / 9M 2016 results
- Media & Analyst Conference Call

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