Media Release

2014 Full-year results

Oerlikon sustains strong operational performance in 2014 – Dividend increase

- **Strong sales growth of 16.1 %**
- **Order intake up by 9.0 %**
- **Solid profitability with EBITDA margin of 16.3 %**
- **Achieved further key strategic steps in portfolio strengthening with acquisition of Metco and announced sale of the Advanced Technologies Segment**
- **After absorbing the one-time integration and acquisition accounting effects from the Metco transaction, net income stood around prior-year level at CHF 202 million**
- **Third consecutive dividend increase – in 2014 to CHF 0.30 per share proposed**
- **Outlook 2015 at constant exchange rates: sales and order intake to grow, profitability to be sustained**

Key figures Oerlikon Group as of December 31, 2014 (in CHF million)

	FY 2014[3]	FY 2013[4]	Δ	Q4 2014[5]	Q4 2013[4]	Δ
Order intake[1]	3 028	2 779	9.0 %	801	691	15.9 %
Sales[1]	3 215	2 770	16.1 %	873	696	25.4 %
EBITDA[1]	525	483	8.7 %	136	126	7.9 %
EBITDA margin[1]	16.3 %	17.4 %	–	15.5 %	18.1 %	–
EBIT[1]	360	359	0.3 %	88	96	-8.3 %
EBIT margin[1]	11.2 %	13.0 %	–	10.0 %	13.7 %	–
Result from continuing operations[1,2]	247	253	-2.4 %	–	–	–
Net income[2]	202	201	0.5 %	–	–	–
ROCE	10.4 %	17.7 %[6]	–	–	–	–

[1] Continuing operations; [2] Reported annually and semi-annually only; [3] Metco consolidated for seven months; [4] Restated following divestment of the Advanced Technologies Segment; [5] Full consolidation of Metco; [6] Reported.

Pfäffikon SZ, Switzerland – February 24, 2015 – In 2014, the Oerlikon Group sustained its strong operational performance and reported another year of growth. Sales increased by 16.1 % to CHF 3 215 million, driven by organic and inorganic growth (2013 restated: CHF 2 770 million). At constant exchange rates, sales growth was even higher at 18.1 %. The service and spare parts business grew to 28.5 % of total Group sales compared to 24.7 % a year ago. Order intake grew by 9.0 % to CHF 3 028 million (2013 restated: CHF 2 779 million). Recording an EBITDA margin of 16.3 % and EBIT margin of 11.2 %, the Group achieved for the fourth consecutive year an EBITDA margin exceeding 15 % and a double-digit EBIT-margin, even after absorbing the one-time integration and acquisition accounting effects from the Metco transaction. Net income, impacted by the acquisition of Metco and the divestment of the Advanced Technologies Segment, stood at CHF 202 million, around prior-year level (2013: CHF 201 million). With an equity ratio of 44 % and net liquidity of CHF 114 million, Oerlikon's financial position remains strong. A healthy balance sheet and underlying cash flow as well as the competitive operating performance led to the Board's decision to propose a dividend increase of 11 % to CHF 0.30 per share at the annual general meeting of shareholders (AGM).

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

Oerlikon CEO Dr. Brice Koch said: "In 2014, we continued to deliver a strong operational performance with profitable growth, both organically and inorganically. With the successful acquisition of Metco and the announced sale of the Advanced Technologies Segment, we further focused our portfolio. For 2015, at constant exchange rates, we expect to grow our top line further while sustaining strong underlying profitability."

Growth in orders and sales

The Group's sales increased by 16.1 % to CHF 3 215 million (2013 restated: CHF 2 770 million), while order intake went up by 9.0 % to CHF 3 028 million (2013 restated: CHF 2 779 million). Sales increased in the Surface Solutions Segment and the Drive Systems Segment, while the Manmade Fibers Segment and the Vacuum Segment saw slightly lower sales due to the anticipated market normalization and order delays respectively. The service business grew by 34.3 % in 2014, now representing 28.5 % of total Group sales.

The split of regional sales continued to balance out, with sales in North America growing by 31 % to CHF 632 (19.7 % of Group sales), in Europe by 24 % to CHF 1 161 million (36.1 % of Group sales) and in Asia by 4 % to CHF 1 266 million (39.4 % of the Group's total sales). The share of the other regions in Group sales was CHF 156 million or 4.8 %.

Sustained profitability levels

For the fourth consecutive year, the Group has achieved an EBITDA margin exceeding 15% and a double-digit EBIT margin, even after absorbing the one-time integration and acquisition accounting effects from the Metco transaction. The EBITDA margin reached 16.3 % and the EBIT margin 11.2 %. EBITDA increased by 8.7 % to CHF 525 million (2013 restated: CHF 483 million), while EBIT increased slightly to CHF 360 million (2013 restated: CHF 359 million). The Group's result from continuing operations amounted to CHF 247 million (2013 restated: CHF 253 million), after accounting for the divestment of the Advanced Technologies Segment. Net income for the Oerlikon Group was CHF 202 million (2013: CHF 201 million), in line with the prior-year level.

Cash flow from operating activities before changes in net current assets was strong at CHF 427 million, and the Group's return on capital employed (ROCE) stood at 10.4 % as a result of an increased asset base due to the acquisition of Metco and with seven months of Metco profitability being recognized in Net Operating Profit After Tax.

Successful strategic portfolio transformation

In 2014, Oerlikon continued its strategic portfolio transformation by taking its tenth and eleventh steps with the acquisition of Metco and the signed divestment of the Advanced Technologies Segment respectively. With Metco, Oerlikon substantially strengthened its surface solutions business, creating a global technology leader in surface solutions with an addressable market of some CHF 9 billion (previously CHF 3 billion). The newly formed Surface Solutions Segment – combining both Oerlikon Balzers and Oerlikon Metco brands – operates in 35 countries over 145 sites, of which around 140 are service and production centers. It offers an attractive platform to grow and outperform the individual end markets in which it operates (CAGR of underlying markets 4–6 %). The transaction and first time consolidation of Metco created significant cash and noncash impacts – some of them being one-time effects – in the 2014 consolidated income statement, which impacted the profitability of the Surface Solutions Segment and the Oerlikon Group. The divestment of the Advanced Technologies Segment was announced in December 2014 and closed on February 2, 2015. It allows the Group to concentrate its resources and focus on businesses of critical size. The Advanced Technologies

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Segment is reported under "Discontinued Operations" in the 2014 full-year financial statements and the 2013 accounts have been restated accordingly for comparison purposes.

Financial flexibility maintained

In 2014, Oerlikon took several measures to extend the Group's maturity profile and increase its financial flexibility. The company successfully placed senior unsecured bonds of CHF 300 million due in 2019 and of CHF 150 million due in 2024. Additionally, the Group prolonged its syndicated credit facility until 2016. Oerlikon's successful financing confirmed its access to the capital markets and reflects the financial markets' confidence in the Group's long-term underlying performance. This strong financial foundation allows Oerlikon to further develop its portfolio along its strategic agenda of achieving long-term profitable growth.

In 2014, Oerlikon maintained a strong financial position. The balance sheet amounted to CHF 4 966 million compared to CHF 4 094 million in 2013 and the Group reported equity (attributable to shareholders of the parent company) of CHF 2 188 million, representing an equity ratio of 44 %. Net cash amounted to CHF 114 million (2013: CHF 981 million).

Expanding customer services

In 2014, Oerlikon continued to extend its global network and expanded its customer services and spare parts business. Compared to 2013, the service business increased by 34.3 %, accounting for 28.5 % of the Group's total sales in 2014.

Ongoing strong investments in R&D

Oerlikon continued to invest in innovation to further strengthen its leading technology position. Research and development (R&D) expenditure in 2014 increased by 19.8 % to CHF 121 million from CHF 101 million (restated) a year ago, representing around 4 % of its revenue. The innovations arising from R&D activities are reflected in 108 newly filed patents in 2014.

Q4 performance – growth in order intake and sales

For Q4 2014, the Oerlikon Group reported an increase in order intake of 15.9 % to CHF 801 million (Q4 2013 restated: CHF 691 million) and sales growth of 25.4 % to CHF 873 million, compared to CHF 696 million in Q4 2013 (restated). The EBITDA margin was at 15.5 % (Q4 2014 EBITDA: CHF 136 million) and an EBIT margin was at 10.0 % (Q4 2014 EBIT: CHF 88 million).

Dividend increase proposed

With an unleveraged balance sheet, a strong underlying cash flow and a sustained competitive operational performance, the Board of Directors will propose an increase in dividends, representing a payout of CHF 0.30 per share at the annual general meeting of shareholders (AGM), scheduled to take place on April 8, 2015. This represents the third consecutive increase and is in line with the Group's dividend payout policy. The dividend will be distributed from the capital contribution reserves.

Based on prior track record, the Board of Directors has approved a change in the dividend policy of the Group, which now states that a dividend of up to 50 % of underlying net income can be paid, subject to available funds (previously up to 40 %). The new dividend policy reflects the sustainability of Oerlikon's business model, its underlying operational performance, cash-generation ability and leading peer group standing.

2015 outlook
The overall global economic climate and some key markets in which Oerlikon operates will remain challenging. The Group will continue to address the challenges in its markets, while implementing strategic and operational measures to strengthen its competitive position. It will exercise prudence and discipline in its investments and use of resources, while further improving its underlying operational effectiveness. Oerlikon intends to use its strong financial and technology leadership position to sustain long-term profitable growth.

At constant exchange rates compared to 2014, the Oerlikon Group expects the following key financial metrics for 2015:

- Order intake to increase by around 10 %
- Sales to increase by around 5 %
- EBITDA margin to be sustained at prior-year level

In 2015 Oerlikon expects to see a translation effect of around 11–12 % on reported figures for order intake and sales, while maintaining the margin profile and, even more importantly, Oerlikon's competitive position in its key markets.

Segment overview

Surface Solutions Segment

Key figures Surface Solutions Segment as of December 31, 2014 (in CHF million)

	FY 2014[1]	FY 2013	Δ	Q4 2014[2]	Q4 2013	Δ
Order intake	965	510	89.2 %	321	136	>100 %
Order backlog	79	–	–	79	–	–
Sales (to third parties)	973	510	90.8 %	333	136	>100 %
EBITDA	183	149	22.8 %	76	41	85.4 %
EBITDA margin	18.8 %	29.2 %	–	22.8 %	29.8 %	–
EBIT	98	105	-6.7 %	47	29	62.1%
EBIT margin	10.0 %	20.5 %	–	14.0 %	21.3 %	–

[1] Metco consolidated for seven months; [2] Full consolidation of Metco.

In 2014, the Surface Solutions Segment (former Coating Segment) continued to show solid performance and positive business development, attributable to the Metco acquisition (Metco consolidated for seven months) but also to organic growth from Oerlikon Balzers and Oerlikon Metco. The complementarity of the two businesses in terms of technologies, competencies and addressable end markets has provided Oerlikon with an attractive platform to further grow its business at a faster pace.

The Surface Solutions Segment reported an increase in sales of 90.8 % to CHF 973 million (2013: CHF 510 million). Order intake amounted to CHF 965 million compared to CHF 510 million in 2013. EBITDA for the Surface Solutions Segment amounted to CHF 183 million, reflecting an EBITDA margin of 18.8 %. EBIT stood at CHF 98 million with an EBIT margin of 10.0 %. Both EBITDA and EBIT were negatively impacted by integration and acquisition accounting effects from the Metco transaction. Continued demand from the automotive and tooling industry in Europe, Asia and the United States contributed to a positive development in the Thin Film service business. Adding to the positive trend was the Segment's successful expansion along the value chain with the rollout of regrinding services, which are being offered at a total of 15 centers in ten countries at the end of 2014. Furthermore, high demand was seen within the aviation and power generation industries, as well as in the oil and gas sector concerning the equipment and materials business.

In 2014, the acquisition and integration of Metco into the newly formed Surface Solutions Segment was the prime focus. The integration is progressing well and the identified growth potential and cost synergies confirmed the underlying rationale for the transaction. In 2014, the Segment launched a set of new technologies including three new coatings from the successful BALIQ™ series. These coatings offer extreme hardness, resistance to wear and adhesive strength, and can be used in a broader range of applications. The MetcoClad™ system for laser welding in the oil and gas industry was also launched. In addition, the Segment introduced its innovative environmentally friendly ePD™ technology that enables plastic parts to be coated and will replace previous environmentally unfriendly electro plating processes. Geographically speaking, the Segment opened a new coating center in Austria and extended several existing sites.

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Churerstrasse 120
P.O. Box
CH-8808 Pfäffikon SZ

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Manmade Fibers Segment

Key figures Manmade Fibers Segment as of December 31, 2014 (in CHF million)

	FY 2014	FY 2013	Δ	Q4 2014	Q4 2013	Δ
Order intake	901	1 073	-16.0 %	213	261	-18.4 %
Order backlog	365	541	-32.5 %	365	541	-32.5 %
Sales (to third parties)	1 073	1 130	-5.0 %	257	285	-9.8 %
EBITDA	217	207	4.8 %	43	58	-25.9 %
EBITDA margin	20.3 %	18.4%	–	16.6 %	20.4 %	–
EBIT	197	188	4.8 %	37	53	-30.2 %
EBIT margin	18.4 %	16.6 %	–	14.4 %	18.5 %	–

The Manmade Fibers Segment reported a strong year with high profitability and sales close to its historically high level despite the anticipated market normalization effects. The Segment recorded sales of CHF 1 073 million (2013: CHF 1 130 million) and an order intake of CHF 901 million (2013: CHF 1 073 million), representing a decline of 5.0 % and 16.0 % respectively. EBITDA increased to CHF 217 million (2013: CHF 207 million), reflecting an EBITDA margin of 20.3 % (2013: 18.4 %). EBIT in 2014 improved by 4.8 % to CHF 197 million (2013: CHF 188 million), corresponding to an EBIT margin of 18.4 % (2013: 16.6 %). The increase is attributed primarily to a favorable product mix as well as the variability of costs and efficiency gains. With such a performance, the Manmade Fibers Segment is clearly operating at a best-in-class level among its peers. In 2014, it expanded its service and spare parts business by 4.7 %, representing 8.0 % of Segment sales. The growth in the service business together with the expansion of the business along the value chain and into adjacent markets is intended to partially offset the anticipated market normalization and make the Segment more resilient.

The Manmade Fibers Segment aims to retain its best-in-class position in its markets, and grow market share despite normalization effects in 2015. Momentum for growth is being sought by expanding its portfolio in the areas of polycondensation systems (including extending expertise in adjacent markets along the value chain such as beverage bottling), synthetic staple fibers and technical nonwoven fabrics. In 2014, the Segment celebrated the opening of the second polycondensation plant of its kind for one of its key customers, enabling them to produce energy-efficient polycondensation granulates for packaging. In the same year, its innovative new winding machine WINGS POY 1800 was introduced in Asia, offering customers' a substantial improvement in productivity. New solutions were presented to the market in the growing business area of technical textiles, covering the technologies for nonwoven, industrial yarn and staple fiber.

Drive Systems Segment

Key figures Drive Systems Segment as of December 31, 2014 (in CHF million)

	FY 2014	FY 2013	Δ	Q4 2014	Q4 2013	Δ
Order intake	781	792	-1.4 %	177	198	-10.6 %
Order backlog	199	180	10.6 %	199	180	10.6 %
Sales (to third parties)	779	734	6.1 %	184	173	6.4 %
EBITDA	82	67	22.4 %	19	18	5.6 %
EBITDA margin	10.5 %	9.1 %	–	10.6 %	10.5 %	–
EBIT	41	26	57.7 %	11	9	22.2 %
EBIT margin	5.3 %	3.5 %	–	6.2 %	5.1 %	–

In 2014, the Drive Systems Segment faced a continuously challenging market environment. Despite these market conditions, improvements were recorded in the Segment. Sales increased by 6.1 % to CHF 779 million compared to CHF 734 million in 2013. Order intake decreased slightly by 1.4 % to

CHF 781 million (2013: CHF 792 million). Thanks to the continued operational and structural efficiency programs, profitability was further improved and EBITDA grew by 22.4 % to reach CHF 82 million (2013: CHF 67 million), representing a double-digit EBITDA margin of 10.5 %. EBIT increased by 57.7 % to CHF 41 million compared to CHF 26 million in 2013, resulting in an EBIT margin of 5.3 %. Towards the end of the year, the Segment gained momentum in the U.S. construction and infrastructure markets while an ongoing weak demand was noted in the global mining and agricultural industries. Demand in the high-performance automotive business and energy sectors remained solid.

On the product side, the Segment added a range of new technologies such as the 4SED technologies for electric and hybrid cars, a compact and lightweight gearbox offering seamless shifting and enabling more than 90 % powertrain efficiency over the full speed range, or the new hybrid transmission OGeco, and a new hybrid electric drivetrain technology for off-highway equipment. In 2014, the Segment signed key agreements for high-precision gears and transmissions with leading manufacturers of agricultural and construction machinery, as well as all-wheel drive gearboxes, high-performance gears and shifting solutions for tractors and commercial vehicles, axles for low-floor city buses and planetary drives for oil and gas platforms.

Vacuum Segment

Key figures Vacuum Segment as of December 31, 2014 (in CHF million)

	FY 2014	FY 2013	Δ	Q4 2014	Q4 2013	Δ
Order intake	381	404	-5.7 %	90	96	-6.3 %
Order backlog	72	79	-8.9 %	72	79	-8.9 %
Sales (to third parties)	390	396	-1.5 %	99	102	-2.9 %
EBITDA	41	54	-24.1 %	11	12	-8.3 %
EBITDA margin	10.3 %	13.5 %	–	10.8 %	11.7 %	–
EBIT	27	41	-34.1 %	7	9	-22.2 %
EBIT margin	6.8 %	10.3 %	–	7.2 %	9.1 %	–

In 2014, the Vacuum Segment's performance was still faced with a challenging market environment. In particular, the Segment saw large-scale projects being postponed in the energy sector as well as in the field of industrial and glass coating applications. Positive trends emerged in the R&D and analytics markets and in the process industry, but they were unable to fully compensate for the postponed orders. In terms of sales, the Segment almost reached prior-year level, recording CHF 390 million in 2014 (2013: CHF 396 million). Order intake decreased by 5.7 % to CHF 381 million compared to CHF 404 million a year ago. In 2014, the Segment made further progress in its effort to improve operational excellence. However, investments in organizational and operational effectiveness besides footprint optimization and logistics impacted profitability. EBITDA amounted to CHF 41 million, which resulted in an EBITDA margin of 10.3 % (2013: EBITDA of CHF 54 million; margin of 13.5 %). EBIT totaled CHF 27 million, representing an EBIT margin of 6.8 % (2013: EBIT of CHF 41 million; margin of 10.3 %).

Due to its modular pump concept for vacuum technology in steel degassing, the Segment won several large-scale orders in steel degassing in 2014. The Segment also launched the new generation of TURBOVAC i/iX, a vacuum solution, offering an extremely high pumping speed for use in the analytics, R&D and process industries. In 2014 the Segment built the world's largest cryo pumps from its COOLVAC series for a customer in China. These high-vacuum pumps allow the atmosphere of space to be simulated on earth in a very large vacuum chamber, which is used for the research and testing of space components and equipment.

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Additional information
Oerlikon will present its results at a press conference today, starting at 09.30 a.m. CET at the SIX Swiss Exchange, Zurich, and at an analysts' conference beginning at 12.00 a.m. CET at the Company's headquarters in Pfäffikon, Schwyz. The analysts' conference will also be broadcasted via webcast over the Group's internet at www.oerlikon.com.

Please find the Annual Report 2014 at www.oerlikon.com/ir/ar2014.

About Oerlikon
Oerlikon (SIX: OERL) is a leading global technology Group, focusing on providing market-leading technologies and services for surface solutions, manmade fibers manufacturing, drive systems and vacuum pumps and components in growth markets. These cutting-edge technologies benefit customers by improving their product performance, productivity, efficient use of energy and resources, and also by contributing to a more sustainable environment. A Swiss company with over 100 years of tradition, Oerlikon has a global footprint of over 15 500 employees at more than 200 locations in 36 countries and sales of CHF 3.2 billion in 2014. The company invested CHF 121 million in R&D in 2014 and has over 1 300 specialists developing innovative and customer-oriented products and services.

For further information, please contact:

Nicolas Weidmann
Head of Group Communications

T +41 58 360 96 02
F +41 58 360 98 02
pr@oerlikon.com
www.oerlikon.com

Andreas Schwarzwälder
Head of Investor Relations

T +41 58 360 96 22
F +41 58 360 98 22
ir@oerlikon.com
www.oerlikon.com

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OC Oerlikon Management AG, Pfäffikon
Churerstrasse 120
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