

Capital Market Days 2011

August 23 - 24

Oerlikon Textile
Thomas Babacan

August 24, 2011



1 Did you know?

2 Technological Leadership

3 Markets & Customers

4 Operational Excellence

5 Tactics & Financials

6 Summary



50% of all automobile tires rely on Oerlikon Textile production solutions



Artificial turf monofilaments played a major role at the 2010 FIFA World Cup; the South African stadiums in Nelspruit and Polokwane were fitted with artificial turf manufactured on Oerlikon Barmag's monofilament equipment



The length of a 14 dtex nylon thread on a 25 kg/55 lb spool is 18,400 km/11,400 miles long – the distance from Frankfurt, Germany to Hong Kong...and back



Oerlikon Schlafhorst's "Autocoro" has lead the market for 28 years – it uses up to 480 spinning points to produce a half ton of the finest thread every hour. The roving (or sliver) is first drawn into strips, then blown into a spinning rotor (at up to 150,000 rpm, 8 times faster than a Formula One engine!) before being spun into thread.



The world's largest ring spinning system – from Oerlikon Schlafhorst – has up to 1,680 spinning points and is over 70 meters (230 feet)



The world's largest spunlaid spinning system – from Oerlikon Neumag – produces non-woven textiles up to 7 meters (23 feet) wide.



The first Oerlikon Barmag Wintrax take up machine for winding carbon fiber was delivered to Russia in 2011.

Oerlikon Barmag celebrated the delivery of the 100,000th winder to a key customer in China in 2011.



A pair of average quality women's jeans consists of 120 million cotton strands with a total length of 3,000 km (1,860 miles).



During the presidential inauguration, US First Lady Michelle Obama wore a dress made of fabric embroidered by Forster Rohner AG on a Oerlikon Saurer embroidery machine.

Oerlikon Textile - The largest textile machinery manufacturer in the world



Oerlikon Textile

oerlikon
barmag

oerlikon
neumag

oerlikon
saurer

oerlikon
schlafhorst

oerlikon
textile components



Employees in AMERICAS
150

Employees in EMEA
3,500

Employees in other regions
>100

Employees in Asia
2,700



Remscheid
(Germany)



Suzhou (China)



Halol
(India)



Singapore



Neumünster
(Germany)

Oerlikon Textile – The most comprehensive product **oerlikon** portfolio in all 3 major textile machinery value chains

Natural Stable Fibre process

oerlikon
schlafhorst

Spinning Preparation	Ring Spinning	Winding
	Rotor Spinning	

Manmade Filament process

oerlikon **oerlikon**
barmag neumag

Polymeri- sation	Filament Spinning	Texturing
	Carpet Yarn Spinning	

Manmade Nonwoven process

oerlikon
neumag

Synthetic Stable Fiber Spinning	Carding/Crosslapping	Needle Punching	Festooning
	Airlaid	Thermobonding	
	SpunMelt	Hydroentanglement	Winding

Production and Refinement

oerlikon
saurer

Twisting	Cabling
Fabric production Printing Dying	Weaving Knitting Tufting
Embroidery	Fabric / Garment Finishing

Components

oerlikon
textile components

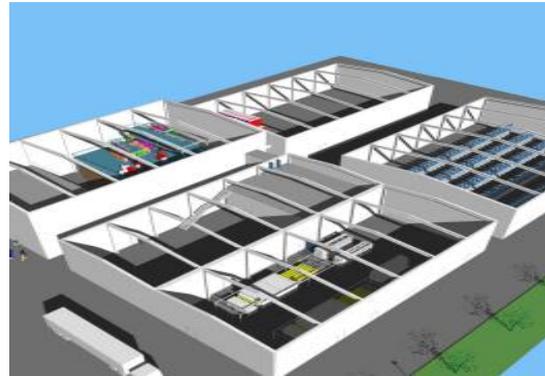
Staple
Filament
Monitoring/Sensing

Business Units

- Current presence
- Cooperation
- Oerlikon Textile not present

Oerlikon Textile – The preeminent textile engineering company

One-stop-shopping from feasibility studies through to guarantees



Planning



Realization



Start up



Production



- 4000 Active patents
- 600 Researchers
- >70 mCHF Development Budget



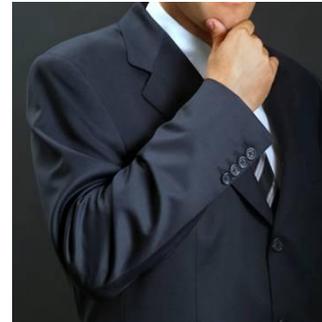
MF Manmade Fiber – Oerlikon Barmag Final Products

outerwear and linings,
sports and functional wear
hosiery, socks & intimates,
seat covers, bedding & curtains,
fabric for bags and luggage,
tires, belts and airbags,
nets & ropes,
mechanical rubber goods,
bill boards and tarpaulins,
sails, tents, sewing thread,
artificial grass,
geo- and agrotextiles,
carpet backing,
FIBC big bags and baler twine



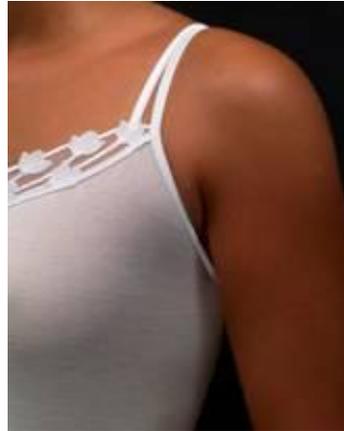
MF Manmade Fiber – Oerlikon Neumag Final Products

- BCF - Carpet Yarn:
Carpets
- Synthetic staple fiber:
apparel, filling materials,
filtration, home textiles,
nonwoven
- Nonwoven: diapers,
hygiene, medical,
filtration, geotextile



NF Natural Fiber – Oerlikon Schlafhorst final products

- Yarns for business and casual wear, fashion fabrics, sportswear, home textiles and technical textiles
- Comfort stretch for Suiting fabrics and trousers

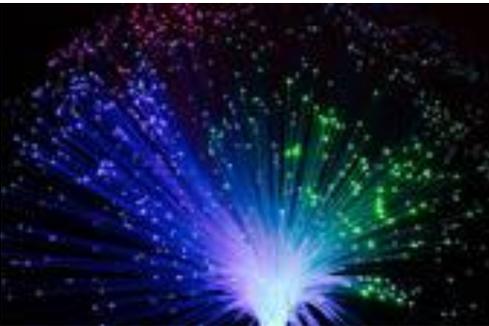


MF NF Oerlikon Saurer – Final products by both Manmade and Natural fibers



Twisting

- Tire cord & industrial yarns
- Twisted materials for carpet, knitwear, fabrics
- Twisted glass fiber yarns



Embroidery

- Home textiles
- Lingerie, Haut Couture, Traditional Indian & African dresses
- Technical applications: car seat heating systems, carbon fiber bicycle brakes etc.

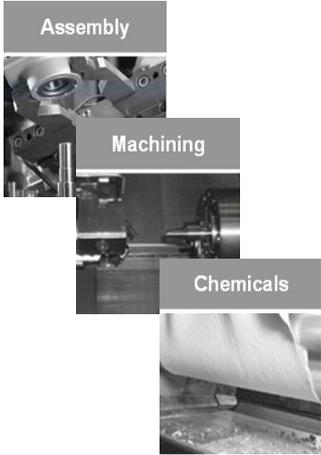


TC Oerlikon Textile Components – Final products

OTC's Core Technologies

Market Segments/End User Industries

Natural Fiber Processing



Drafting Technology

Bearings

Spindles

Rubber



Ring Spinning
- Speed Frame Components
- Ring Frame Components

Rotor Spinning

Airjet Spinning



Spun Yarn

Weaving mills
Knitting mills
Apparel industry

Manmade Fiber Processing



Interlacing technology

Texturing Technology

Customized bearing solutions

Electronics



Filament Spinning
- FDY
- POY
- T&I
- BCF

Texturing
- Draw texturing (DTY) Components
- Air Texturing (ATY) Components

Filament Yarn

Apparel industry
Carpet making
Automotive Industry etc.

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MF Oerlikon Barmag - World's No. 1 in synthetic filament machinery and plant engineering

oerlikon

Pre-oriented filament (POY) + textured yarn (DTY)



outerwear, hosiery & socks, intimates, sportswear, seat covers, bed linens etc.



Fully drawn yarn (FDY)



outerwear, intimates, sportswear, linings, mesh fabrics, curtains, awnings etc.



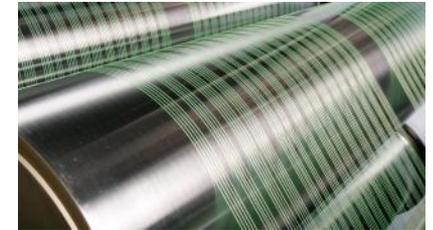
Industrial yarn (IDY)



tires, conveyor belts, airbags, seat belts, nets & ropes, mechanical rubber goods, bill boards, sewing threads etc.



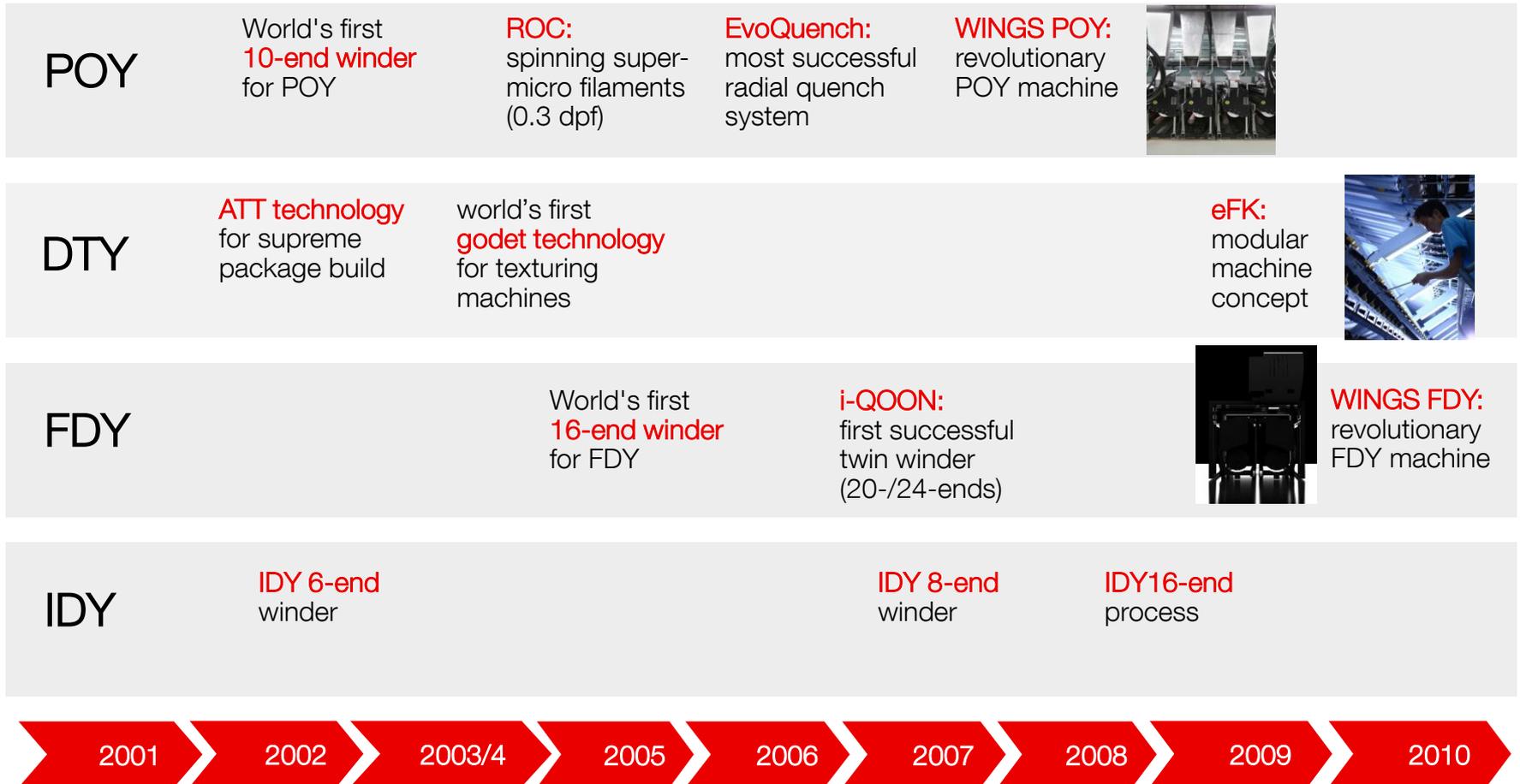
Monofilamnets and tapes



artificial grass, FIBC big bags, carpet backing, baler twine, paper machine clothing, geo- and agrotextiles



MF Oerlikon Barmag – Trendsetting innovation leader



MF Oerlikon Barmag – A role model for turning innovation into commercial success

- Barmag's biggest-ever one time order was received in 2010 with a contract value of over 230MCHF, 1296 spinning positions and more than 2000 winding heads
- Barmag delivered it's 100,000th winder to a loyal customer which has bought 5600 winders in the past 6 years
- Barmag equipment helped one customer become the biggest technical yarn supplier in the world
- Barmag sales have increased by more than 70% from since 2009
- Barmag has increased the CM1 on certain product lines by some 10% since 2007, through restructuring and the successful introduction of new technologies
- Barmag is now booking orders for delivery in 2014



MF Oerlikon Neumag - Leading across segments with a 65%-70% global market share in carpet yarn

Carpet Yarn (BCF)



BCF (Bulked Continuous Filaments), providing turkey solution for entire plants for the production of carpet yarn.

Synthetic Staple Fibers



Staple Fiber lines produce material used in textile yarns for apparel and fibers used in wooltype, nonwovens and filtration.

Nonwoven - Spunbond/ Meltblown



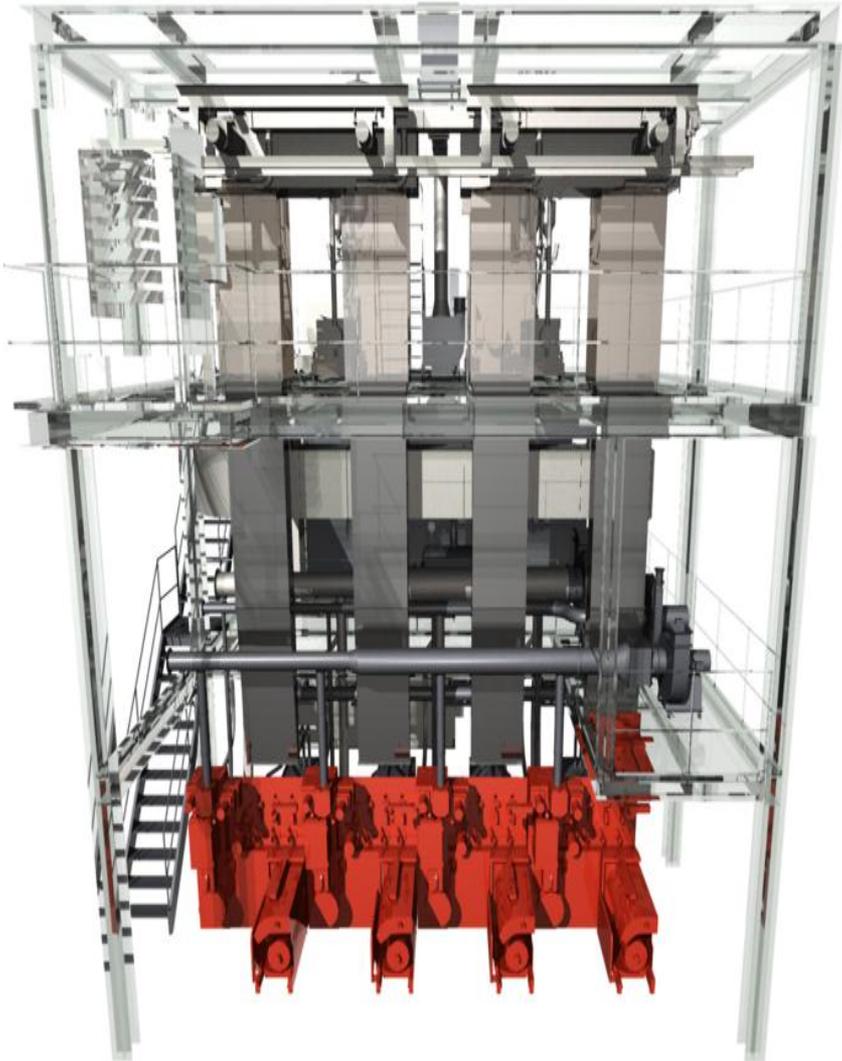
Spunlaid lines up to 7m wide have broad applications, from hygiene to technical. Meltblown lines are for filtration and barrier applications.

Nonwoven - Airlaid



Airlaid lines are for the production of absorbent core materials, wipes, napkins and table tops.

MF Oerlikon Neumag BCF – Continued trend setting innovations for Carpet Yarn Production



Higher Output and Higher Efficiency

Output comparison in kg/h for PP mono 144f

■ S5 2550 m/min.
■ S+ 3000 m/min.

98% → 99%+



Lower Energy Consumption

Energy consumption comparison in kWh/ kg yarn
Example calculation for 2+2 positions and 1850 dtex with 3200 t/y

e-save



MF Oerlikon Neumag Synthetic Staple Fiber – World record production capacity and the world's leading bi-co technology

For commodity applications, Neumag offers spinning and fiber lines with a world record production capacity of up to 300 tons/day – 33% more than the competition, which offer only 200 tons/day. These lines are for staple fiber production from polyester, polyamide and polypropylene.

For specialty applications, Neumag developed the leading 'Bi-Components' (bico) technology in-house. This allows use of mixed raw materials, which can reduce material costs by up to 40% while maintaining the same fiber properties.



MF Oerlikon Neumag Nonwoven – Core competencies now in one location following the Carding divestment

- The Carding unit had a negative impact on Neumag's profitability and a complicated structure across three countries with relatively independent technology competencies.
- Neumag has long been the undisputed No. 1 in the Meltblown and Airlaid market segments and is actively developing spunbond technology to further accelerate growth.
- The nonwoven technology know-how is now under one roof in Neumünster. Synergies between BCF and Staple Fiber and a single location significantly reduces complexity and fixed costs.



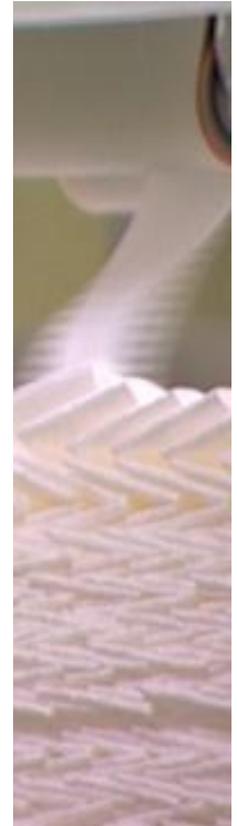
Spunbond
Technology



Meltblown
Technology



Airlaid
Technology



Festooning
Technology

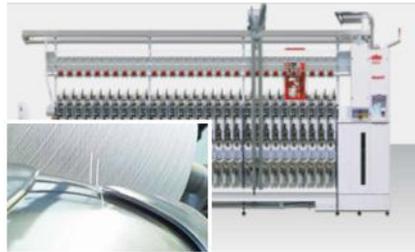
NF Oerlikon Schlafhorst – Leading innovation in Ring Spinning, Winding and Rotor Spinning

Ring-Spinning - Zinser



- Dominant spinning technology for any type of yarn, whether from cotton, wool, polyester, linen, viscose, lycra
- Final end use: suits, shirts, designer years
- Follower position

Winding - Autoconer



- 100% quality control of ring yarn
- Creates a sizeable package which ensures a high efficiency and performance in the down stream process
- Innovation leader

Open-End Spinning - Autocoro



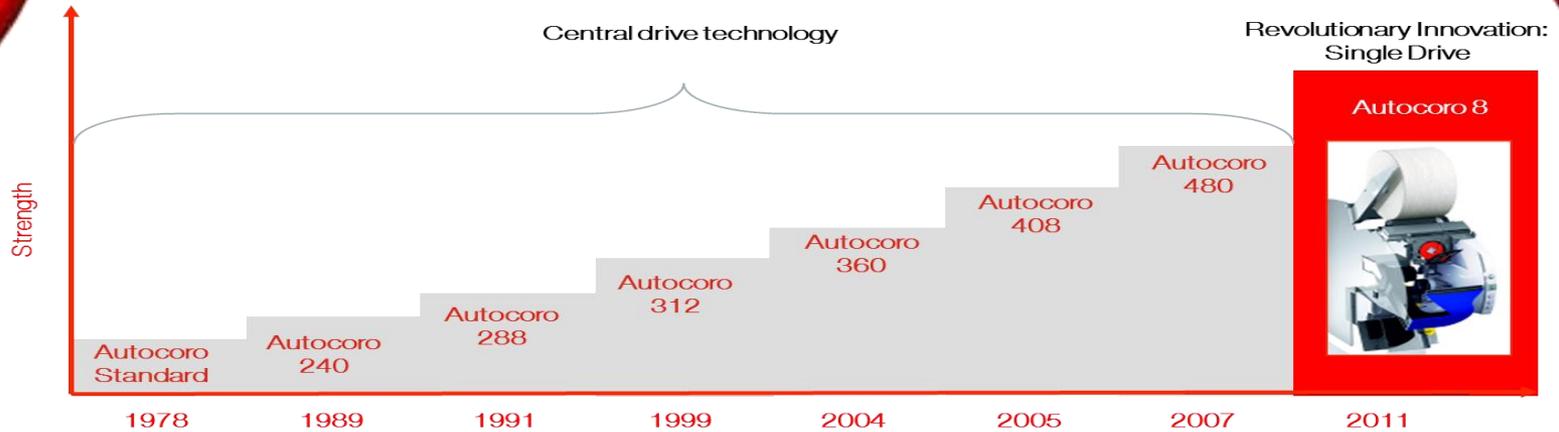
- Important spinning technology for cotton, polyester and viscose
- Integrated process: Spinning, quality control and Winding
- Final end use: T-shirts, towels, denim
- Market leader

Parts and Service



- Business partner of our clients via a world wide close to customer network with:
- Original parts
 - Modernization kits
 - Repair shops
 - Services
 - Service leader

NF Oerlikon Schlafhorst Autocoro – Synonymous with rotor machine market and innovation excellence for 30 years



NF Oerlikon Schlafhorst Ring - Zinser 351 Impact FX – Economic ring spinning process

oerlikon

Extra-long ring spinning machines with up to 1.680 spindles:

- up to 8 % lower capital costs
- up to 3 % lower production costs
- up to 11 % lower space requirements

*compared to ring spinning machines with 1.200 spindles, in each case 30,000 spindles per system

e-save



NF Oerlikon Schlafhorst Winding - Innovation leader for the crucial quality gate process step

Autoconer X5



With PreciFX - The pulse of winding



Autoconer X5: the brand-new winding machine

- Winding speed up to 2000m/min: higher productivity
- One platform for the whole product family: easier handling
- Intelligent process automation
- Energy and resource-saving winding
- Maximum flexibility
- Package formats adapted to specific downstream requirements

The first drumless software-controlled yarn traversing system

- Higher flexibility for individual package design and use of dye tube formats
- Up to 10% increased productivity and reduced logistics costs
- Maximum uniformity within the package, from package to package and reproduction
- Excellent unwinding has the Potential to eliminate the rewinding process after dyeing

MF **NF** **Oerlikon Saurer –**
State-of-the-art Twisting and Embroidery

**Allma
Tire & Industrial
Twisting**



Twisting and cabling machines for high performance yarns in tires and different technical applications



**Volkmann
Carpet
Twisting**



Twisting and cabling machines to manufacture BCF-carpet yarns for design variety, long-life cycle and comfortable touch



**Volkmann
Staple
Twisting**



High performance twisting machines to manufacture ply yarns in finest quality for Italian suits, shirts and top class textiles



**Melco -
Single head
Embroidery**



Leading single head embroidery systems and design software for the commercial piece embroidery market



**Saurer Arbon
Shuttle
Embroidery**



Sophisticated shuttle embroidery systems and innovative solutions from sketch to finished product



Oerlikon Saurer Twisting – Allma & Volkmann, the most trusted names in their sectors continue to lead the trend

Allma CC4 - the winner of "Tire Industry Supplier of the Year" announced at Tire Technology International Awards for Innovation and Excellence 2011, which is the world's biggest celebration of endeavour in the field of tires.

Significant advantages for the customers:

- Power consumption reduced by up to 50%
- Heat load reduced by up to 50%
- Increased quality and machine efficiency thanks to 50% fewer yarn breaks
- Significantly reduced noise level
- The only cabling machine in the world for processing aramide and rayon

Volkman - The original sets the standard in staple fiber twisting

Significant advantages for the customers:

- 40% energy reduction (e-save effects) with new eco-drive system and eco spindle
- modified yarn path sets new standard in yarn quality



Started in 1869, Saurer is synonymous with perfection and high productivity in shuttle embroidery. It has recently started to use its tailored fiber placement technological competencies in RFID, filtration, car seat heating, medical applications – and more



Jacket with Integrated Mobile Phone

Cooperation with Hugo Boss and FHTW Berlin

Joining before integration

Fraunhofer IZM

Torsten Lenz

Fraunhofer Institut Zuverlässigkeit und Mikrointegration

Technische Universität Berlin Fachgebiet für Textile in der Materialwissenschaft



EKG T-Shirt – Integrated

- embroidered EKG pads
- amplifier and BlueTooth module on flexible polymer substrate
- stretchable zigzag embroidery with silver coated polyamide threads
- embroidered interconnections
- snap fasteners for battery

Fraunhofer IZM



TC Oerlikon Textile Components - Synonymous with premium quality

Manmade Fiber Components



Filament is consolidating four product lines with market leading brands for texturing and filament spinning components:

- Daytex – cots and aprons
- Fibervision – sensors and monitoring systems
- Heberlein – air jets
- Temco – texturing bearings and friction discs

Natural Fiber Components



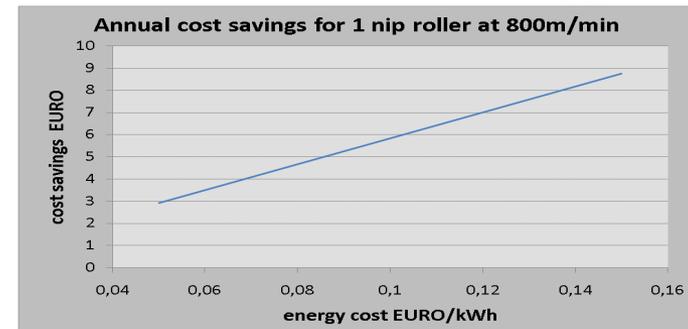
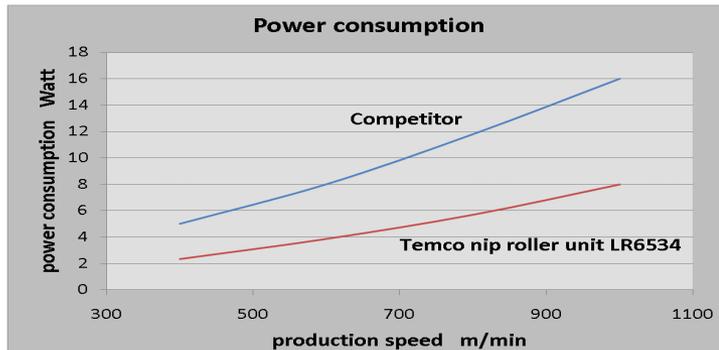
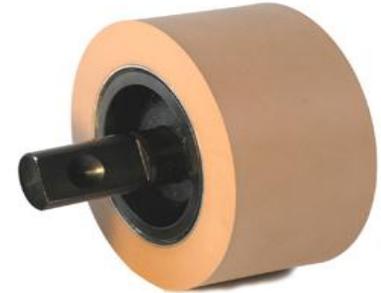
The product lines Texparts and Accotex offer textile industry components including drafting systems, spindles, cot and aprons and bearings for the OE-area (application). With 80-100 years of market leadership in textile machinery components, we offer spinners the ability to produce top-quality yarns.

TC Oerlikon Textile Components – A key enabler for customer success

Example : Temco® Nip Roller - A Temco® Bearing and a Daytex® Cot, bundled expertise of two world leading specialists in one product.

Innovative benefit

- Up to 50% energy savings compared to a conventional nip roller bearing
- Outstanding bearing quality
- Optimized cot material for high and regular texturing quality



Based on*

- DTY machine with 240 positions
- 5 kW per machine
(240 pos./ 3 nip rollers/ 900 m/min)

Energy Savings

- 5-8 Watt per Temco® Nip Roller

Economic point of view

- Savings from 4 to 8 €, depending on energy cost level
- Return of investment < 1 year

Savings per Machine*

- 2'900 up to 5'800 €

Oerlikon Textile Innovation - Focus on key technological trends with significant improvement and profit premium potential

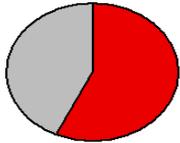


- 1** Did you know?
- 2** Technological Leadership
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- 6** Summary

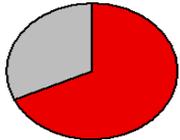
Selected worldwide market share examples:

Manmade Fiber

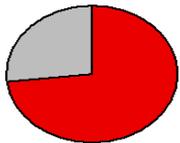
POY Filament > 55%



Carpet Yarn Spinning > 65%

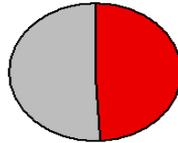


Tirecord & Carpet Twisting > 70%

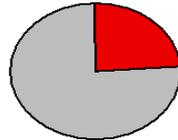


Natural Fiber

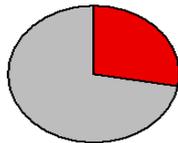
Rotor > 48%



Winding > 20%

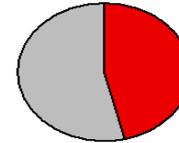


Staple Fiber Twisting > 30%

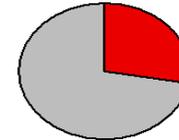


Components*

Filament Components > 40%



Ring Component > 28%



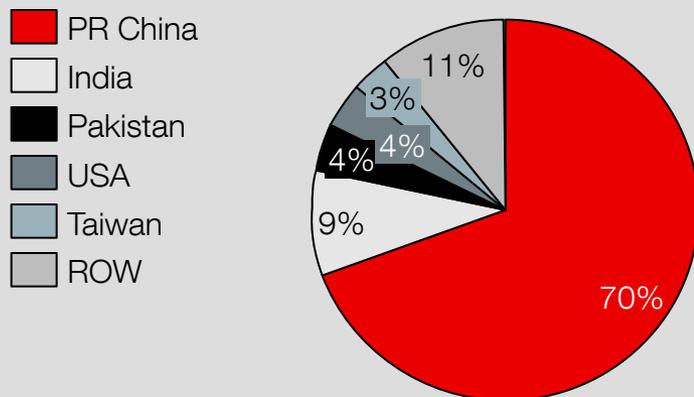
* Component market size also includes the market captivated by OEM machinery manufacturers.

- Oerlikon Textile is a source of leading machinery equipment, comprehensive technical process expertise and competent consulting and service for all of its yarn production customers, delivered through a wide global network.
- Each “total solution” is based on the leading equipment of the individual market leaders.

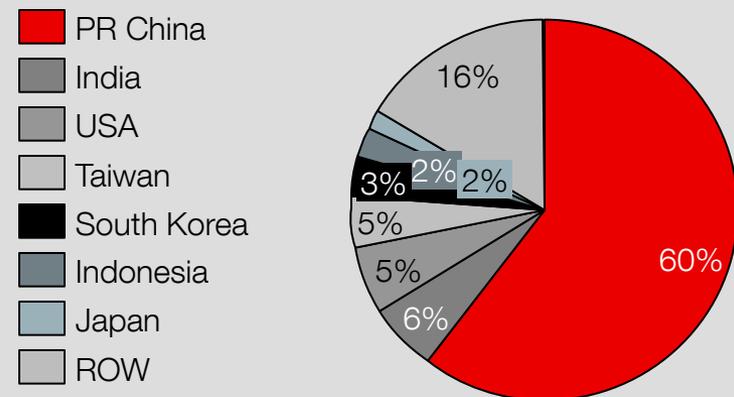
Increasing dominance of Asia – especially China

China accounted for 60-70% of worldwide yarn / fiber production in 2010

Worldwide yarn production 2010



Worldwide manmade fiber production 2010



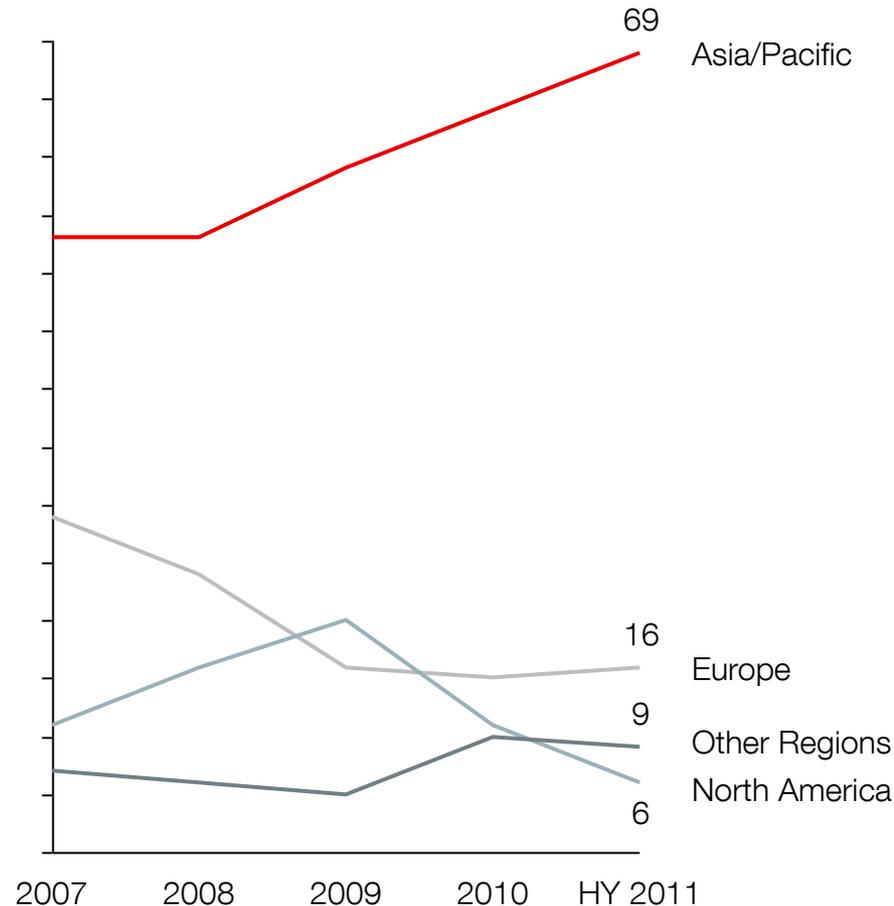
Source: 2009/2010/2011 Fiber Year

- In 2010, China's share of worldwide yarn production increased to 70%;
- In 2010, China's share of Manmade fiber production increased to 60% ;
- Other regional markets remain attractive for certain business segments, i.e. the USA represents nearly 50% of the worldwide market for carpet yarn.
- We expect regional distribution to remain largely unchanged in the medium term

Oerlikon Textile – A strong footprint in Asia, the most important strategic market in terms of scale and growth

Oerlikon Textile Regional Sales Split 2007 – HY 2011

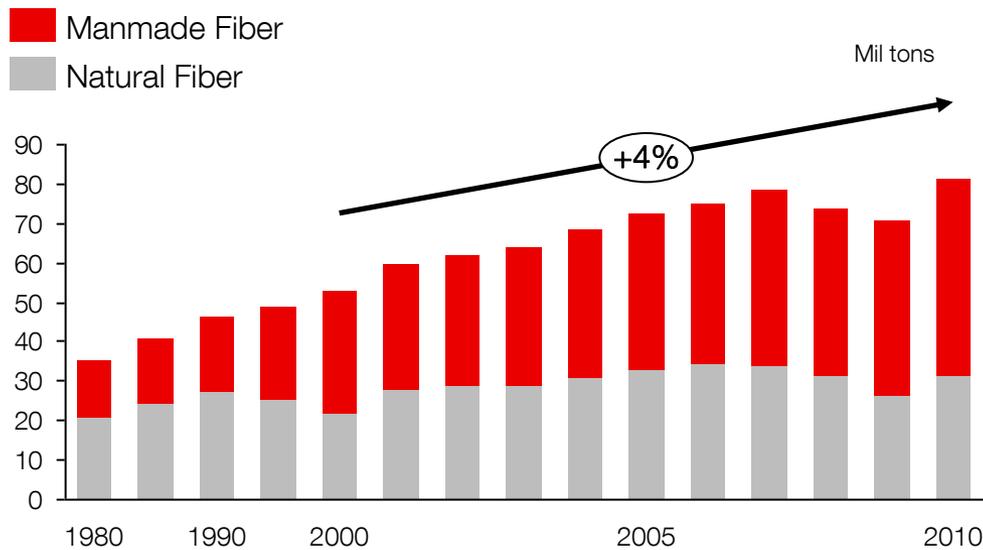
in %



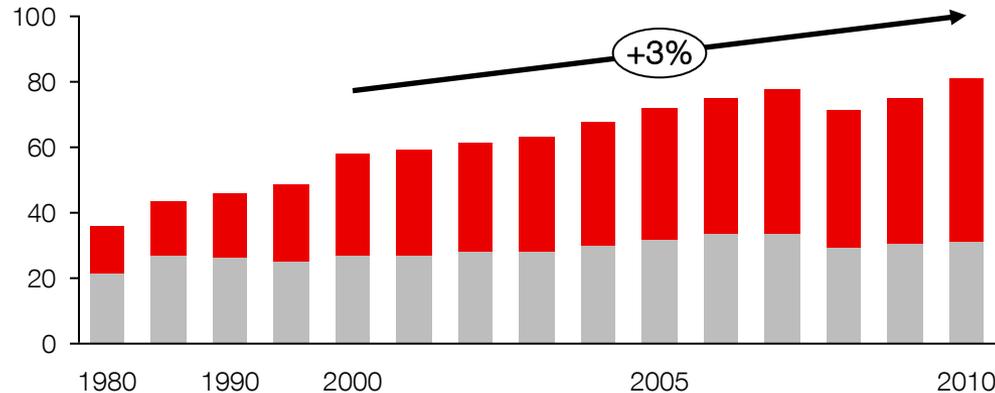
- Oerlikon Textile is by far the largest foreign textile machinery company in China. Our Suzhou plant has a production area of 70.000m² with a 30.000m² extension occupied by Oerlikon Textile business units.
- We also have 6 sites in India with plans to expand and strengthen our presence there even further.

Sustainable textile industry growth averaging 3-4% CAGR expected to continue

Worldwide Fiber Supply



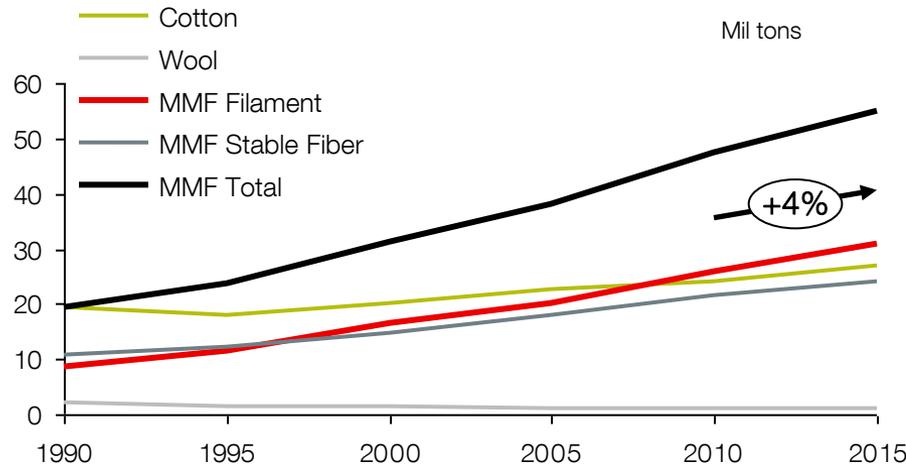
Worldwide Fiber Consumption



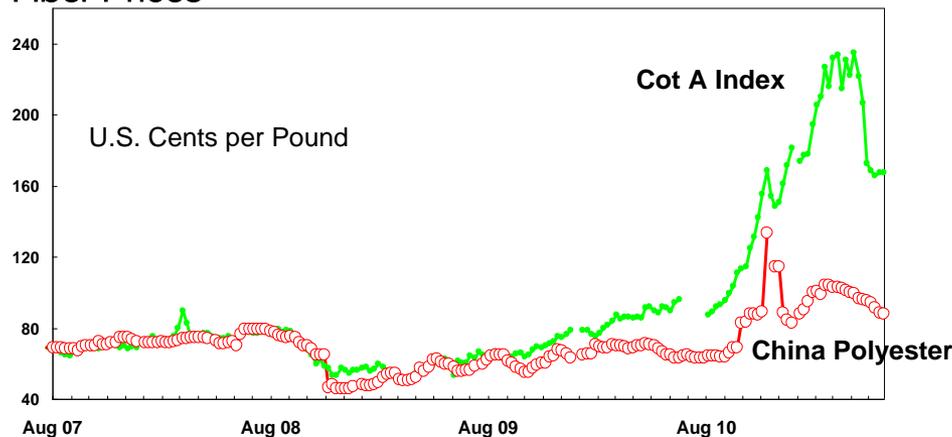
- Despite fluctuation of world economy, worldwide fiber demand and supply have grown relatively steadily at a CAGR of 3-4% in the last 10-30 years;
- The final textile demand is expected to continue to grow in the coming years mainly due to:
 - 2-3% growth due to the population & GDP growth and increasing spending on textile per capita in emerging countries
 - 5-7% growth in technical textiles for new applications
 - New applications for textile

Manmade fibers will continue to outpace the growth of natural fibers and represent 60% of total supply with a 5% CAGR

Textile Mill Consumption



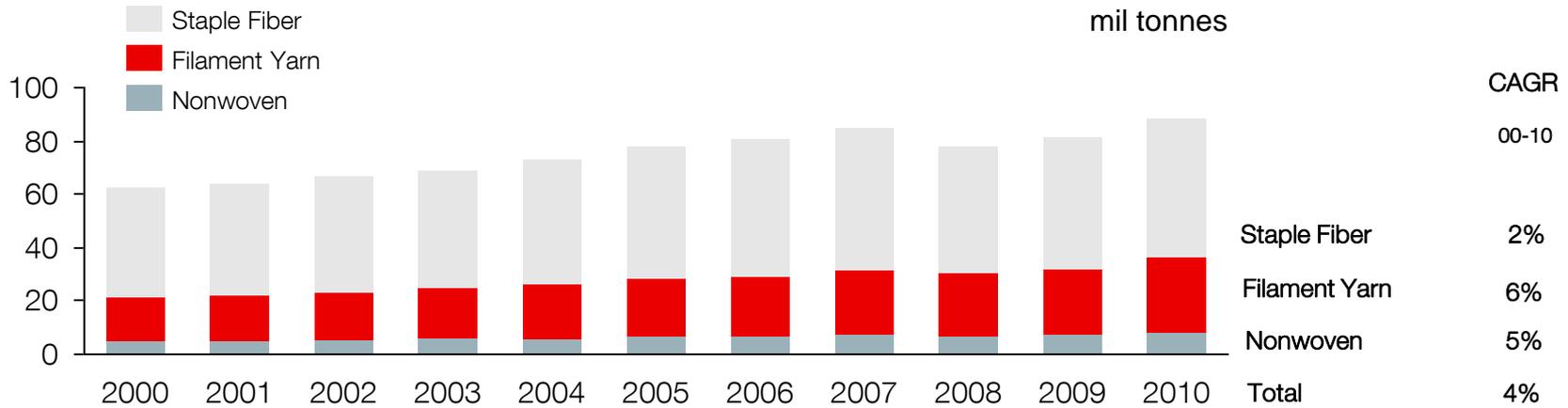
Fiber Prices*



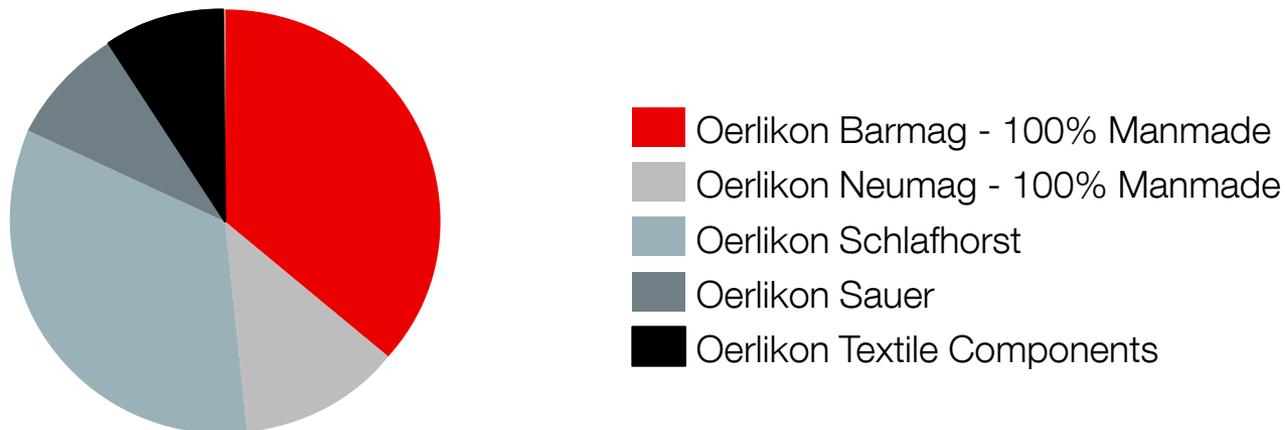
- The share of manmade fiber of total worldwide fiber supply has increased from 55% in 2005 to 60% in 2010.
- In the past 10-30 years total world fiber consumption grew at a 3% CAGR; corresponding to demand, manmade fiber consumption grows consistently at 5%, outpacing natural fiber's growth rate of 1-2%. We expect the trend will continue:
 - Limited natural resource supply poses increasing challenges while textile demand continues growing
 - Higher growth in technical & new applications especially given the encouragement by China & India in the latest government guidance & policies
 - Significant price gap between natural and synthetic fiber has further fuelled the investment in chemical fibers since 2010

With more than 60% focus in man-made fibers, Oerlikon Textile is well positioned for growth

World Fiber Production



2010 Oerlikon Textile Sales Split:



Major market drivers & trends (1/2)

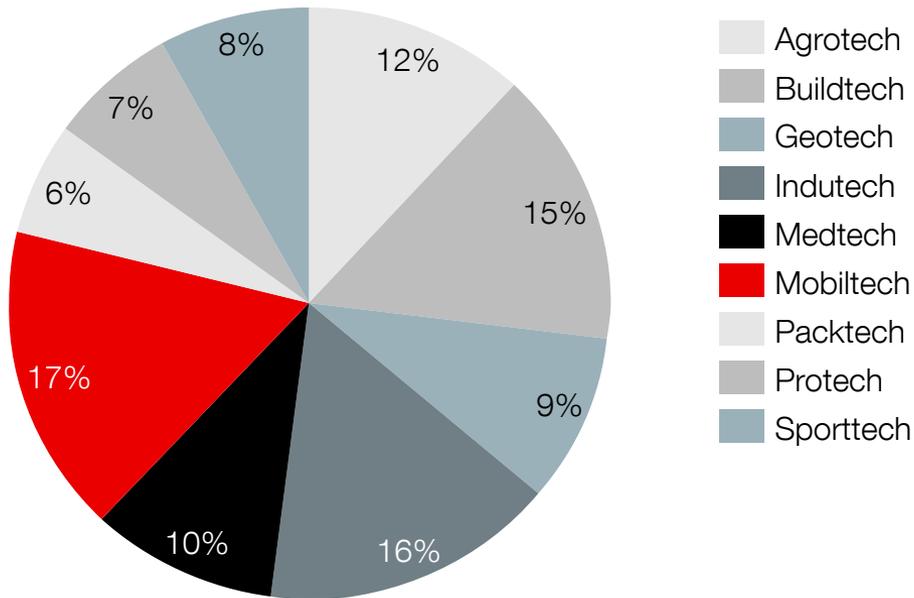
Categories	Market Drivers	Status/ Trend	Expected Impacts
Macro-Economic	<ul style="list-style-type: none"> ▪ GDP growth ▪ Textile consumption per capita (demand) ▪ Political factors - stimulus policies ▪ FX rate development 	+++	<ul style="list-style-type: none"> ▪ Continued rapid growth in Asia esp. China & India from growth of GDP and in textile consumption. ▪ Stimulus policies for technical upgrades in China ▪ China's 12th 5 year plan highly encourages technical textile and industrial applications, which further accelerate the growth of synthetic fibers
Financing	<ul style="list-style-type: none"> ▪ Availability of credit ▪ Cost of credit 	--	<ul style="list-style-type: none"> ▪ Many countries incl. China & India are tightly controlling finance in an attempt to curb inflation ▪ India's base rate of 8.5-9.5% & actual lending rate of 11-12%, means cost/price of CAPEX goods is critical
Technology	<ul style="list-style-type: none"> ▪ Technical upgrade ▪ Retirement of old generation ▪ Technology substitution ▪ Utilization of installed capacity 	++	<ul style="list-style-type: none"> ▪ Customer competition promotes technical upgrades to increase competitiveness & differentiation, as witnessed in OBA WINGs POY success we expect this to carry over to FDY ▪ Continued innovation leadership will bring new opportunities ▪ In the US PET has started to substitute PP in carpet yarn, which could accelerate the demand for Neumag

Major market drivers & trend (2/2)

Categories	Market Drivers	Status/ Trend	Expected Impacts
Up-stream / Down-stream	<ul style="list-style-type: none"> ▪ Cotton price & supply ▪ Petrochemical / feedstock price & supply ▪ Yarn price 	-- on natural; no impact on manmade	<ul style="list-style-type: none"> ▪ Cotton price plunged in H1 2011 in a correction of the extremely abnormal price increases of 2010, which resulted in market panic; pessimistic views sent yarn prices down. Due to the improved supply of cotton, we expect both cotton & yarn pricing to stabilize at lower levels going forward. ▪ During the stabilization period, customers may wait to purchase. ▪ The Cotton situation however promotes PET due to the price gap.
Customer base	<ul style="list-style-type: none"> ▪ Geographical shifting / moving ▪ Expansion horizontally (region) ▪ Expansion vertically (value chain) 	+	<ul style="list-style-type: none"> ▪ Shift of customers in China shift from the west to the middle & east means larger quantities of old machine scrap & upgrade ▪ Customer consolidation further promotes upgrade
Other	<ul style="list-style-type: none"> ▪ Labour cost & availability ▪ Energy cost ▪ Land cost (rent) & availability 	+/-	<ul style="list-style-type: none"> ▪ Rising energy and labour costs on China are squeezing customer margins, however it means the trend will be toward higher end machines for automation and energy savings

Technical textiles is a market made possible by innovation – and has enormous commercial opportunities

Technical Textile by Application Fields



Source: Technical Textiles magazine, IVGT

- Technical Textiles are unique basic materials with many advantages: ultimate flexibility, light weight, thinness, cost efficiency & scale availability etc.
- Hence, in contrast to the conventional definition, use of textiles as alternatives to basic materials / substrates (like constructional materials) and metals is increasing thanks to technology. It's already the 5th most popular building material after stone, timber, steel and glass.



Examples of important technical textiles enabled by Oerlikon Textile

Geotextile :

•**Advantages** : Diverse, flexible, safe, quiet, robust, easy to install, and also considerably less expensive in most cases

•**Applications** : As proven by experts, it is an excellent alternative to traditional construction methods, which can be found in a broad range of applications in road construction: embankments, dams and retaining walls, reinforcements, filter and drainage elements or separation layers.



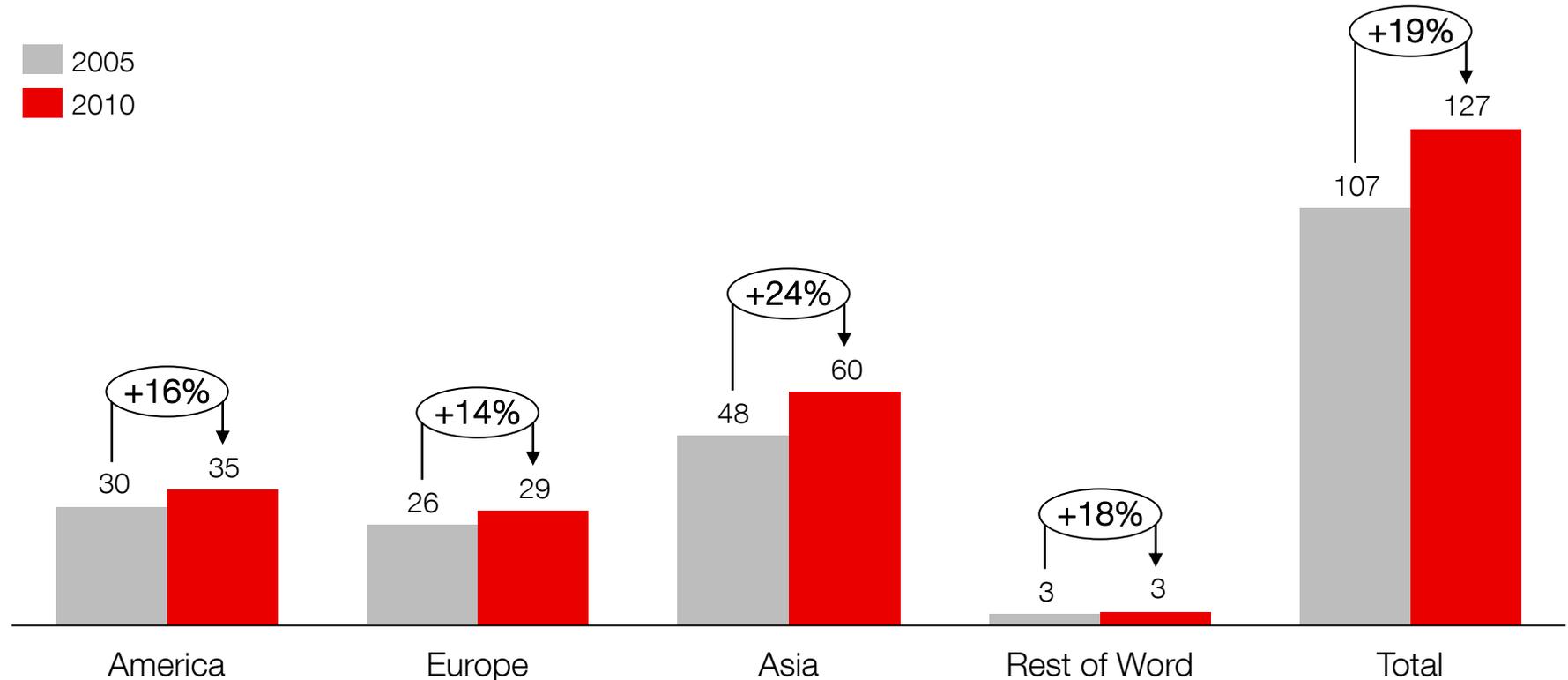
Carbon Fiber :

•**Advantages** : Half the weight of aluminium and harder than steel

•**Applications** : as the light and hard material deployed in Formula 1 cars, bicycle frames and tennis rackets, electric vehicles, the Airbus A380 passenger jet, Boeing's "Dreamliner", Wind Turbine blades, BMW's "Megacity Vehicle", non-flammable upholstery fabrics, protective clothing and the frictional surfaces for brake disks, etc.

Manmade fibers are the dominant materials used in technical textiles with fast growth, and the trend is expected to continue

World Market for Technical Textiles (US \$ billions)



Source: Technical Textiles magazine, IVGT

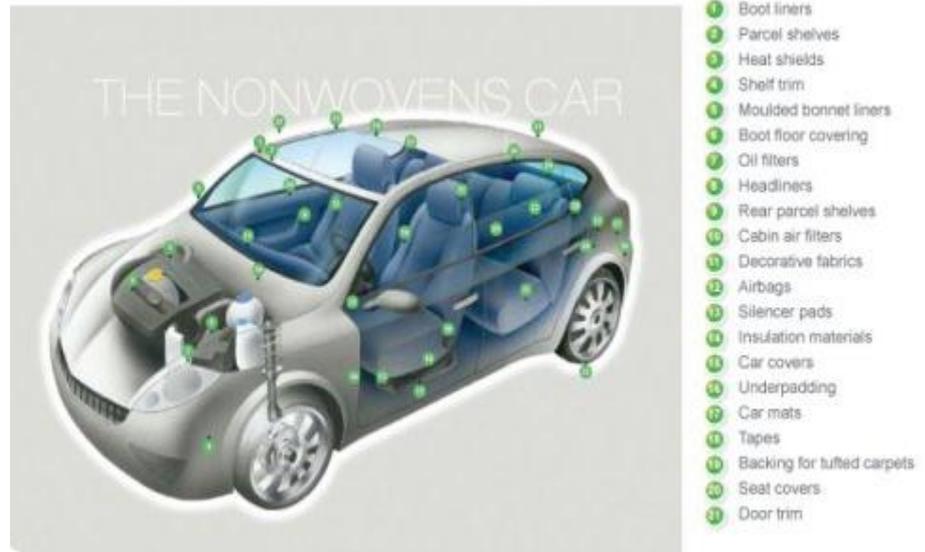
Innovation creates the reality and future of textile – beyond your imagination

Today, textiles are an essential part of our everyday lives.

New fibers and new processing technologies aren't just taking the world's catwalks by storm – their increasingly widespread use in the high-tech industry is opening up new markets and value added potentials.

From crop, fishing nets, diapers, wipes, protective clothes, abrasives, packaging, printed circuit boards, cable wrapping, filtration, glass fiber, carbon fiber, composite, geotextile, home textiles, to artificial implants in medical applications.

Even the majority of a car or an entire bridge can be made of textiles - The world's longest textile concrete bridge is located in Albstadt-Lautlingen Germany.



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Operational Excellence within Oerlikon Textile

Proactive approach in a cyclical market



OTX Quality Management system

Operational Excellence:

- Complexity reduction
- Ramp ability
- Global sourcing
- Global footprint

Processes and tools:

- Global sourcing portal
- Processes, e.g. supplier qualification
- Focus KPI's 2011

**Operational
Excellence
Elements**

**Focused
factories and
lean
manufacturing**

**Tools and
processes**

**Global
Sourcing and
Key Supplier
Management**

Managing the global footprint:

- Productivity and efficiency
- Internal cycle times
- Material and production flow
- 5 S

Global Sourcing:

- Supplier base development
- Cost reductions
- Procurement lead time red.
- Supplier performance



Net working capital management

Quality Management System as prerequisite focusing on common key processes



Operational Excellence at Oerlikon Textile



Key drivers

Breakeven Management	Reduce breakeven	From CHF 2.1bn (2007) to around CHF 1.4 bn (2011)
Global footprint	Portfolio Mgmt. Business park Mgmt. Focused factories	Divestment of Carding product line Multi segment business park in Suzhou / China Lean manufacturing in all major factories
Global Sourcing	Supplier performance management	Supplier quality Supplier on time delivery LCC sourcing
Net working capital management	Inventories DPO`s DSO`s	Since End of 2009: Net working capital reduced by 61% Cash-to-Cash reduced by 57%
Processes and tools	OPEX info boards Lean manufacturing Focus KPI`s 2011	Common measurement tools Lean expert team and tool kit Supplier quality and OTD, product quality, customer OTD

Global footprint and focused factories within Oerlikon Textile – Business park set up in Suzhou – multi segment location



- State of the art business park in the Suzhou Industrial Park
 - Hosting all Oerlikon Textile Business Units
 - As well as 2 other Oerlikon Segments
- Offering competitive common infrastructure and services (e.g. warehouses and logistics processes / facility management, training campus, technology and customer demo centers, etc).

- Dedicated shared services for disciplines like Human Resources, Finance and Controlling, IT, Trade Control and Logistics.
- Driving a strong regional set up for Quality Management and Procurement
- Implementing Operational Excellence Know how

Lean manufacturing within Oerlikon Textile

Driving new skills and capabilities within all major factories



Lean manufacturing implementation projects – a few examples:

- Oerlikon Barmag at Remscheid (status: well advanced)
- Oerlikon Neumag at Neumünster (status: advanced)
- Oerlikon Textile Components at Münster (status: initiated)
- Oerlikon Schlafhorst at Uebach-Palenberg (status: initiated)

A dedicated group of „Lean Experts“ drive within Oerlikon Textile the following process improvements:

- New material and production flows (based on value stream mapping) – just in time production
- Visualization management
- New workplace design
- 5 S tools / principles
- Supplier integration
- Etc.

Typical project achievements / targets:

- 20 – 40 % cycle time reduction
- Also supporting Quality, OTD and product lead time reduction targets

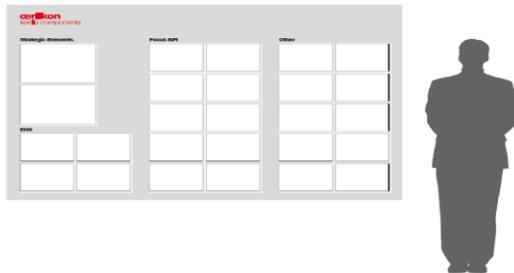
Operational Excellence initiatives and programs

One strategy, common way of measuring

Visualization of the OPEX initiatives

Supported by a common way of measuring

Magnetic Whiteboards
2300 x 1500 mm
Dimensioning

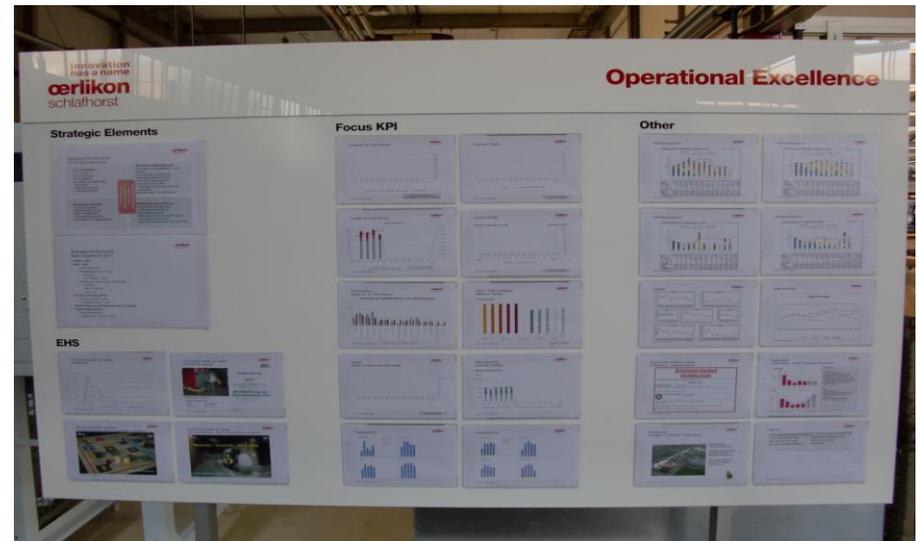
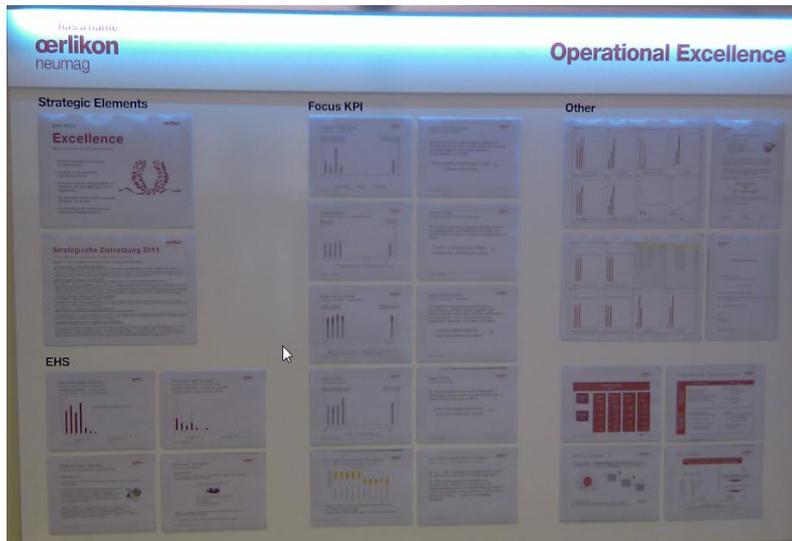


© Oerlikon Corporate Implementation February 2011

- *Same look and feel* – world wide implementation in all Oerlikon Textile factories
- *Strategic elements* – local implementation of the Operational Excellence strategy
- *EHS* - key elements and improvements
- *Focus KPI's 2011* – identical measurements world wide
- *Local KPI's* - additional local measurements

Example: Oerlikon Neumag - Neumünster

Example: Oerlikon Schlafhorst – Übach-Palenberg



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Textile Trends – Oerlikon Textile supports all the major trends



Manmade Fibers



Technical Textiles



Tailored Solutions



Recycled / Renewable materials



Quality



Energy/Waste Reduction

**We become
the strongest
textile machinery company in
each target application, with
flexible business systems adapted to the needs of the textile market**

Accelerated growth in high profit potential fields

- Further penetrate and expand into the suitable manmade fiber and technical textile fields with:
 - scalable & high growth potential
 - high profitability potential
 - can leverage our core competences / capacities
- Further develop more profitable parts and services business integrating global network of all BUs
- Break through innovations which rewards good return on investment utilizing European innovation power
- Enhance business portfolio

Continued focus on break even sales management and cost reduction

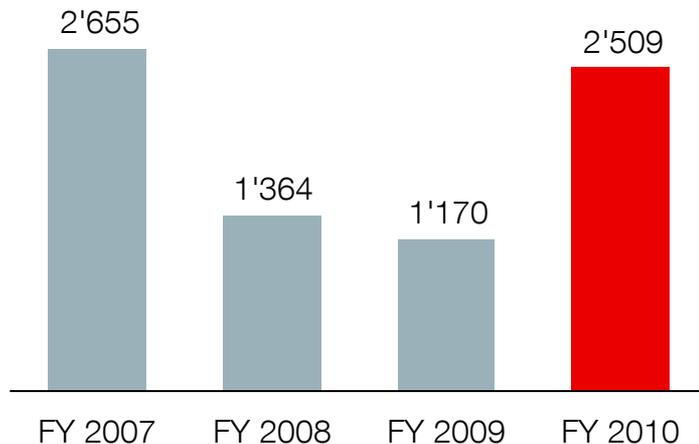
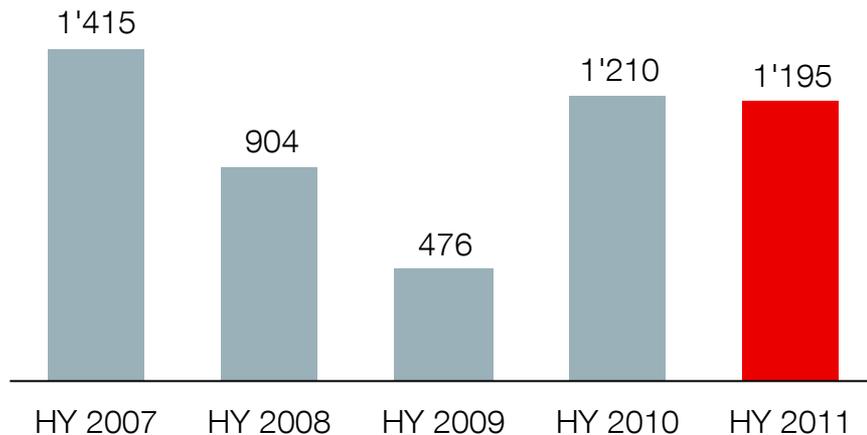
- Operational excellence
- Increasing global low cost country sourcing
- Innovate to simplify the product portfolio and unify the product platform
- Strengthen the organizations in Asia to accelerate the planned product shift to Asia; and rigorous management of 'functions & responsibilities follow the products'.
- Branding & promote 'made by Oerlikon Textile instead of 'made in Germany
- Design to cost and design to global production
- Streamline business portfolio

**Key to ensure long term sustainable success:
commercial profitability and value creation through the cycle**

Oerlikon Textile – After the economic downturn continuously strong order intake

Order Intake Oerlikon Textile 2007 – HY 2011

in CHF m



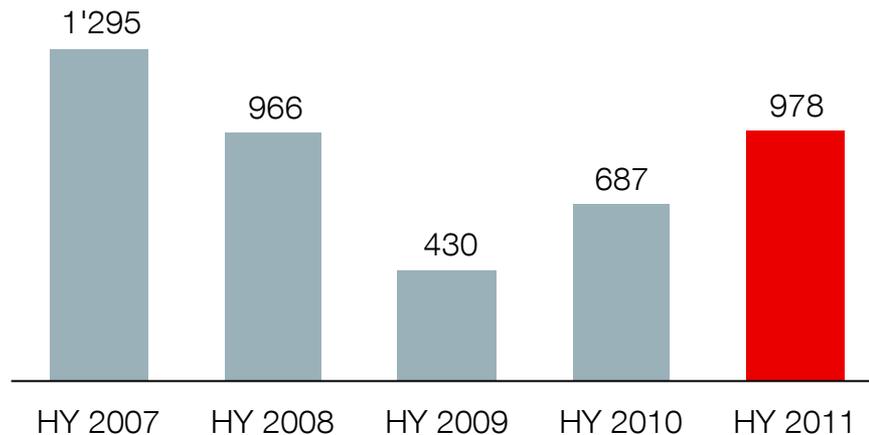
- Recovering from the financial crisis and fuelled by sharply increased cotton prices in 2010, the momentum of investment has been very strong for almost all sectors in which Oerlikon Textile is involved.
- The trend continues despite the cotton price correction and resultant market panic since Apr 2011.
- Due to a forecasted improved worldwide cotton supply in 2011/12, cotton and yarn prices are expected to stabilize at a lower levels. The potentially prolonged pessimistic market sentiment could cool OI for natural fiber sector.
- There's no sign of retreat in synthetic fibers; Industrial associations in both China and India have forecasted steady growth despite the turbulent natural fiber market.

Oerlikon Textile – Strong underlying performance with +42% sales improvement in H1 2011

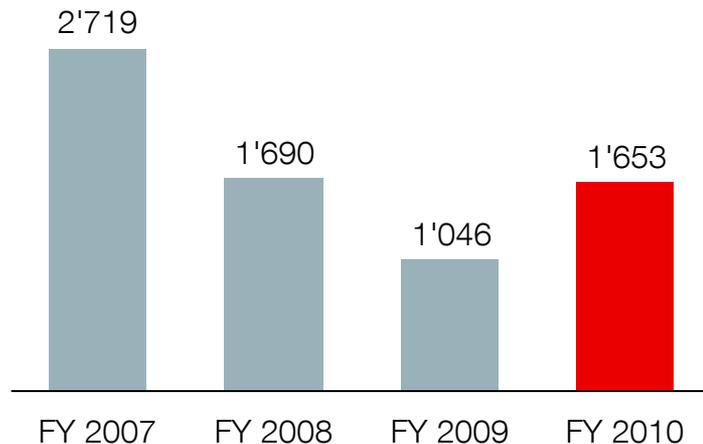


Sales Oerlikon Textile 2007 – HY 2011

in CHF m



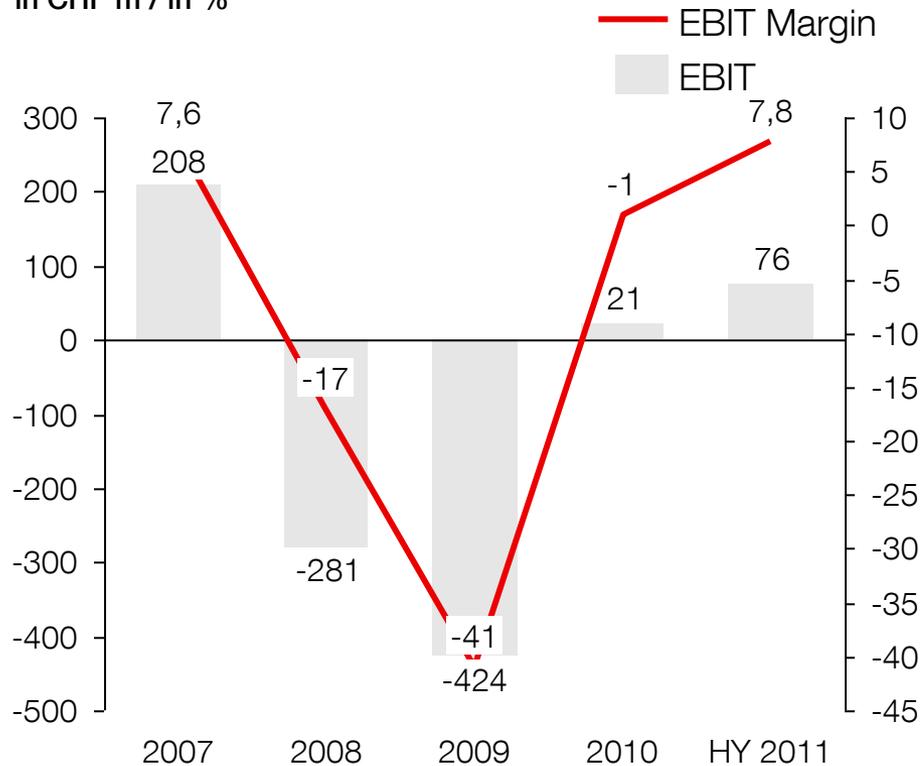
- Strong recovery from the economic and financial crisis and strong order book fuelled sales in H1 2011.
- Oerlikon Textile expects further sales growth in the second half of 2011 and a reduction in order backlog.
- Sales growth for the FY 2011 expected due to strong order book



Oerlikon Textile - Historical best result of around 8% EBIT margin

EBIT and EBIT Margin 2007 – HY 2011

in CHF m / in %

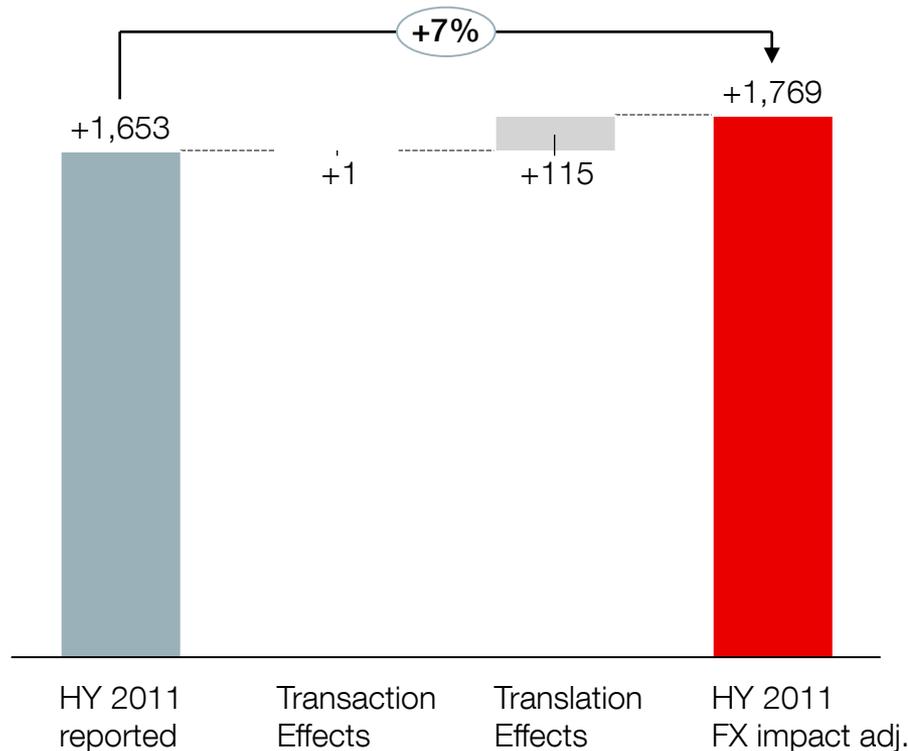


- Benefiting from restructured cost base and lead in the key technologies, H1 2011 was Oerlikon Textile's most profitable period ever.
- Leveraging the strong order pipeline and improved operations, management is accelerating a further streamlining of the organization and operations to increase flexibility and resilience to market cycles.

Value Swiss Franc affects Sales due to translation effects

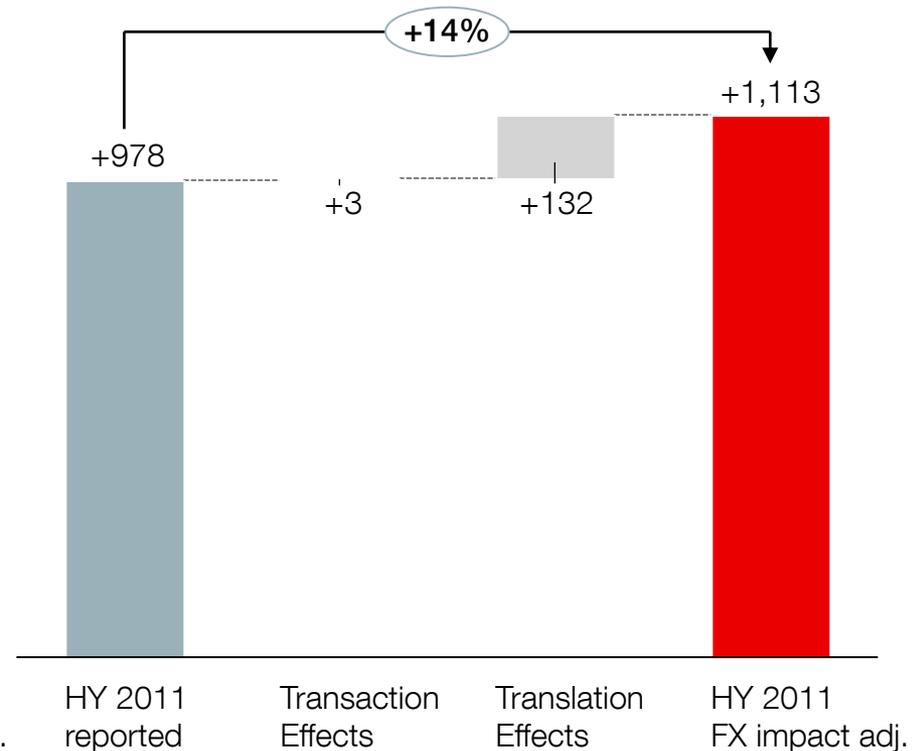
Oerlikon Textile Sales 2010

in CHF m



Oerlikon Textile Sales H1 2011

in CHF m

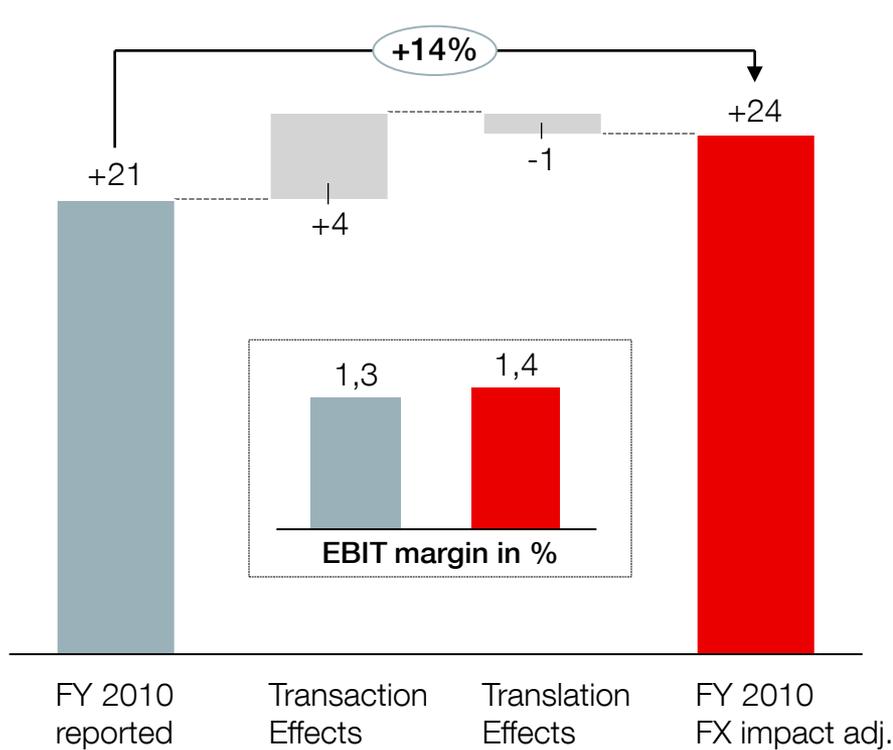


- The business is well natural hedged due to the main currency in sales and sourcing are equally in Euro or RMB.

EBIT Margin largely unaffected by translation effects

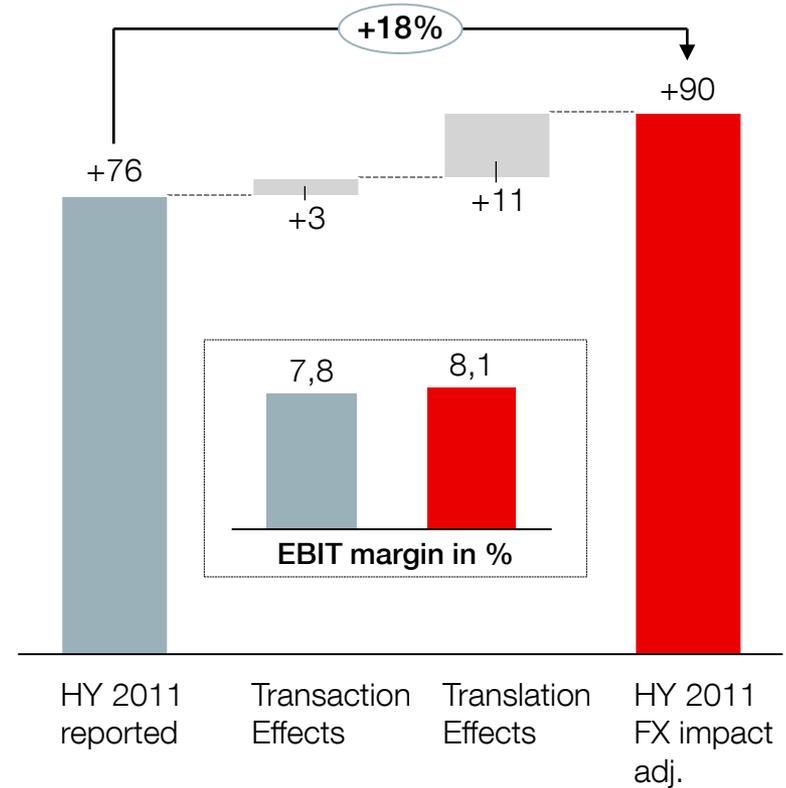
Oerlikon Textile EBIT FY 2010

in CHF m



Oerlikon Textile EBIT H1 2011

in CHF m



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Technological Leadership

- Oerlikon Textile continues to be one of the most important innovation leaders in setting industry standards
- Focus on the megatrends with high growth & profitability potential
- Technical textile will continue grow rapidly; technologies and innovations from Oerlikon Textile are the key enabler to create & expand markets in the future

Markets & Customers

- Solid leading positions in both technology and market share in almost all respective business fields
- Manmade fibers will continue to grow much faster than natural fibers
- Oerlikon textile has an especially strong position in supporting the trend

Operational Excellence

- Accelerate low cost country sourcing with strengthened strategic procurement
- Leveraging & enhancing Asian presence, optimize global manufacturing footprint
- Streamline processes, focus on lean manufacturing, optimize make/buy

Tactics

- Continuous focus of break even management to manage the cycle
- Build on the established strength in manmade fibers, accelerate to develop and expand into areas of high growth and profitability
- Continue to focus on innovation to achieve profitable growth and cost reduction
- Strengthen Asian organization and accelerate product shift to Asia, as well getting closer to the market to react faster and develop better tailored solutions to customer requirements
- Leveraging strong foothold in both Asia and Europe, integrate and streamline the global organization, and utilize all resources to unlock the synergies
- Streamline and enhance business portfolio



Welcome to Barcelona Oerlikon Textile at the ITMA in hall 2 booth D 131

Oerlikon Textile with its five strong Business Units Oerlikon Barmag, Oerlikon Neumag, Oerlikon Saurer, Oerlikon Schlafhorst and Oerlikon Textile Components will present its innovative product-, engineering- and service-solution portfolio at the ITMA in Barcelona .

Capital Market Days 2011

August 23 - 24

Oerlikon Textile
Thomas Babacan

August 24, 2011



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