

The year 2007 confirmed the growth strategy introduced by the company

## Sales, profit and liquidity greatly increased in 2007

- Orders received reach CHF 6.0 billion (+ 16 percent\*)
- Sales increased by over 20 percent\* to CHF 5.6 billion
- EBIT increases to CHF 496 million (+ 15 percent\*)
- Operative cash flow increases to CHF 678 million (+ 42 percent\*)
- Goal for 2008: Sales to exceed CHF 6 billion and a further increase in earnings
- Re-alignment of R&D with the emphasis on clean technologies and nanotechnology

\* changes from previous year adjusted pro forma on basis of 2006

### Key figures of the Oerlikon Group as per 31 December 2007

in CHF millions	1 January to 31 December 2007	1 January to 31 December 2006 (pro forma)	Delta
Orders received	6 041	5 220	+16%
Orders on hand	1 841	1 748	+5%
<b>Sales</b>	<b>5 629</b>	<b>4 684</b>	<b>+20%</b>
EBITDA	724	610	+19%
EBIT	496	430	+15%
EBIT in % of sales	9%	9%	0%
Cash flow from operative activities	678	479	+42%

**Zurich, 27 March 2008 – All the salient factors of the year 2007 were essentially very successful for the Oerlikon Group. Sales showed a record growth which exceeded the goals yet again; Group profit was well above that of the previous year; the significant increase in cash flow underlined the success of the operative business. The group performance capacity was further increased by countless modifications to organisation and processes. Oerlikon Solar more than reached its goals and was able to position itself optimally to satisfy the high market demand in the long term. „The year 2007 was the most successful year in Oerlikon’s recent history“, said CEO Dr. Uwe Krüger. „We have strengthened the operative basis of the group, providing the foundation for growth in sales and profit in 2008, too“, he continued. „The take-over of Saurer really proved to be a success in 2007“, explained Chairman of the Board Georg Stumpf. „For 2008, we are expecting sales of over CHF 6 billion and a further increase in earnings“, says Stumpf, detailing the aims for the current business year.**

In total, the Oerlikon Group not only improved their growth curve in 2007, but accelerated it considerably with an organic sales growth rate of over 20 percent (pro forma) to CHF 5.6 billion. Sales values thus exceeded the forecast which had been increased mid-year to up to CHF 5.5

page 2 billion. The operative profit (EBIT) of the continuing business activities of CHF 496 million increased by 15 percent (pro forma) compared to 2006.

The company's liquidity has greatly improved. The operative cash flow increased by 42 percent from CHF 479 million to CHF 678 million (pro forma comparison). The most important reasons for this were the solid operative business together with a more effective management of the operationally necessary funds. "Here the operative progress can be seen particularly clearly. In the second six months of the year alone, the cash flow could be increased by over CHF 200 million from the initiated Asset Management Program", said CEO Krüger. Equity rose by 25 percent from CHF 1.5 billion to CHF 1.9 billion, to reach 30 percent of total assets. Moreover, the key figure „Return on Net Assets“ (RONA) improved from 10 percent to 15 percent.

To further increase the earning power, a comprehensive program was implemented at the end of 2007 to optimise costs at Group headquarters, and this is expected to have a significant savings impact for the current year. The net profit reached CHF 319 million, a more restrained growth than the operative result. The reasons were the one-off expenses in the consolidation year for the interim financing of the Saurer transaction in the first six months of 2007.

## **Oerlikon Textile with record result**

In a segment comparison, Oerlikon Textile achieved the best result in its history with a record increase in sales to CHF 2 719 million (pro forma +27 percent), again confirming its leading position in the textile market. The main reason for this was the boom in staple yarns in the Asian markets plus the high degree of innovative strength of the segment. Countless measures to optimise costs and increase productivity have led to an increase in Oerlikon Textile's EBIT which more than tripled to reach CHF 208 million, a plus of 206 percent (pro forma). The EBIT margin increased considerably from 3 percent (pro forma) to 8 percent.

Oerlikon Coating also achieved excellent results in 2007 – in particular due to the continued rapid growth in the coating business as well as more than doubling the sales in solar business. Oerlikon Balzers continued its regional expansion and has in the meanwhile achieved a global network of 82 coating centres; in addition, the market introduction of the new coating technology P3e<sup>TM</sup> was received very positively. The initiative taken to improve efficiency in the coating centres increased profitability significantly in the Business Unit.

Oerlikon Solar increased its sales to over CHF 300 million, obtained its first orders from Asia (CMC Magnetics, Auria Solar), successfully introduced the next technology generation with micromorph-tandem, and under the leadership of Jeannine Sargent as CEO is so well

page 3 established that the extremely high demand can be met on a sustained basis. Oerlikon Solar's orders received increased 2007 to over CHF 650 Mio. Within the Business Unit Oerlikon Systems, the sale of the Blu-ray business to Singulus Technologies was an indication of consistent focusing on strategic business fields. With a plus of 9.1 percent, Oerlikon Coating's EBIT was CHF 147 million.

The segment Oerlikon Vacuum exceeded the general market growth and achieved sales of CHF 458 million with a growth of 6 percent. Successful positioning in the processing industry and in the strongly expanding solar market was the largest factor in this positive development. The EBIT increased by 17 percent to CHF 55 million which was a clear indication of the progress in operative business, increasing the EBIT margin to 12 percent.

Oerlikon Drive Systems continued its sharp growth rate with a sales increase of 17 percent (pro forma) to CHF 1.1 billion, benefiting in particular from the great demand in the agricultural and industrial sectors. In addition, the two Business Units Oerlikon Graziano and Oerlikon Fairfield with transmission components for zero-emission vehicles and wind energy plants positioned themselves successfully in „Clean-Technology“ markets. The EBIT of the sector increased by 10.7 percent (pro forma) to CHF 83 million.

Oerlikon Components developed satisfactorily in the second half of 2007, more than compensating the slowdown of the first six months with sales growth of 2.3 percent to CHF 344 million, thanks to a product offensive from Oerlikon Esec and continued growth from Oerlikon Space. The EBIT decreased by 39.4 percent to CHF 33 million despite countless measures to reduce costs in the Business Unit Esec. Necessary action was taken at Optics in the form of a comprehensive restructuring program. It was also decided that Oerlikon Optics should be sold within the next twelve months, the reasons being the low growth prospects for back projection TV business, the strategic positioning which is not promising plus the complexity of the optical component business which no longer corresponds to the portfolio strategy of the Oerlikon Group.

### **Innovative ability further improved**

A major success factor is the high degree of innovative ability of the Oerlikon Group, which was further strengthened in 2007. „Our ability to constantly transform the latest research results into tailor-made customer solutions, is Oerlikon's success secret“, says CEO Krüger. Oerlikon today enjoys a leading technological role in all segments, whether with revolutionary solar modules out of thin-film silicon, with coating technologies such as P3e<sup>TM</sup>, completely newly developed wire bonders for the further processing of semi conductor construction elements, uninterruptible

page 4 dual clutch transmissions or integrated textile machines for the manufacture of nonwovens.

There is hardly another company producing machines and plants that has such an innovative technology and product portfolio. R&D costs amounted to CHF 274 million in 2007 (CHF 260 million in 2006), corresponding to a sales quota of 4.9 percent. Approximately 1 500 scientists and engineers work at Oerlikon on the products of tomorrow; the number of patent-families increased by 25 percent in 2007 alone.

The development of environmentally friendly technologies (Clean Technologies) plus a more intensive application of nanotechnology are important research elements. Already today, Oerlikon is represented in these fields – amongst other things with high-efficiency coatings which reduce fuel consumption of motors, with energy-saving textile machines, vacuum pumps for the solar market or their own patent-protected thin-film silicon solar technology.

### **Oerlikon Solar positioned for the future**

The clearest proof of the great innovative strength of the Oerlikon Group is Oerlikon Solar. In September 2007, the new micromorph-tandem technology was launched, which has considerably higher degrees of effect and which will have a conversion rate of more than 10 percent by 2010, thus extending the technology advantage even more. With solar plants for customers such as ersol Thin Film and SCHOTT Solar, Oerlikon is the only supplier who has so far successfully installed fully functioning production solutions. Micromorph-tandem is an important element for reducing the production costs of solar energy to grid parity soon and thus making this environmentally friendly technology an economical alternative to conventional means of energy production. The goal is to achieve grid parity by 2010. The proof of a field-tested technology plus the great demand have a stimulating effect on Oerlikon Solar's business prospects. Sales of over CHF 700 million are expected for 2008, and in 2009 the CHF billion mark should be substantially exceeded. Combining all the solar-related activities in the new segment Oerlikon Solar under the leadership of Jeannine Sargent, the organisation is now such that they can handle the expected increases in the coming years with annual growth rates of well over 50 percent. „Further expansion of the solar business will be a focal point for Oerlikon in 2008, too“, says Stumpf.

### **Asia as the most important growth market**

The Asian market, which is already in the short term set to become the most important and fastest-growing market, is not only of major importance in the solar business. Oerlikon is already very well represented here with two large solar orders – CMC Magnetics and Auria Solar, both in Taiwan. All in all, the Far East was region-wise the most important growth market in 2007 – in particular China. The excellent framework which Oerlikon has had in place in this

page 5 region for many years is really paying off. Asia's sales share in 2007 reached 37.5 percent.

Besides Textile, the Coating, Vacuum and Drive Systems segments all enjoyed two-digit growth rates. We are taking this into consideration with further investments such as the expansion of the state-of-the-art factory in Suzhou (China) plus the establishment of a second production location in Singapore. Business in Europe also developed well and all segments enjoyed two-digit growth rates.

## Prospects for 2008

Oerlikon will continue in 2008 to adhere consistently to its chosen direction. "Despite unmistakable signs of an economic slowdown, prospects for Oerlikon remain positive", said CEO Krüger. The group is active in structural growth areas which will permit a solid increase in sales and earnings for the medium- and long-term. Besides additional growth initiatives in each and every segment through product innovations, regional expansion or targeted acquisitions, emphasis will clearly be on improving profitability. In 2008, sales should reach over CHF 6 billion and a further increase in earnings. In 2009 at the latest, the group profit margin should reach more than 10 percent.

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## About Oerlikon

*Oerlikon (SWX: OERL) is among the world's most successful industrial high-tech companies focusing on machine and systems engineering. Oerlikon stands for leading industrial solutions and cutting-edge technologies in textile production, thin film coating, propulsion, precision and vacuum technology. As a company with Swiss roots and a 100-year tradition with CHF 5.6 billion in sales in 2007, nearly 20,000 employees at 170 locations in 35 countries, Oerlikon has evolved into a global player today. The company is ranked first or second in each of its respective markets.*

in CHF million	2007	2006	change
Orders received	6 041	2 491	+142.5%
Orders on hand	1 841	1 748	+5.3%
Sales	5 629	2 206	+155.2%
EBIT	496	325	+52.7%

in CHF million (pro forma)*	2007	2006	change
Orders received	6 041	5 220	+15.7%
Orders on hand	1 841	1 748	+5.3%
Sales	5 629	4 684	+20.2%
EBIT	496	430	+15.4%

## Oerlikon Coating

in CHF million	2007	2006	change
Orders received	1 346	1 195	+12.6%
Orders on hand	510	478	+6.8%
Sales	994	816	+21.8%
EBIT	147	135	+9.1%

## Oerlikon Vacuum

in CHF million	2007	2006	change
Orders received	477	444	+7.3%
Orders on hand	78	59	+32.8%
Sales	458	430	+6.4%
EBIT	55	47	+17.1%

## Oerlikon Textile

in CHF million	2007	2006	change
Orders received	2 655	2 329	+14.0%
Orders on hand	821	867	-5.3%
Sales	2 719	2 148	+26.6%
EBIT	208	68	+205.9%

## Oerlikon Drive Systems

in CHF million	2007	2006	change
Orders received	1 185	952	+24.5%
Orders on hand	231	175	+32.0%
Sales	1 113	952	+16.9%
EBIT	83	75	+10.7%

## Oerlikon Components

in CHF million	2007	2006	change
Orders received	376	297	+26.7%
Orders on hand	200	169	+18.4%
Sales	344	336	+2.3%
EBIT	33	55	-39.4%

\* pro forma figures assume first consolidation of Saurer Group as per 01.01.2006