Press Announcement

2008 results affected by significant one-time charges

# Oerlikon repositions and streamlines operations

- Orders received: CHF 4.3 billion (–25.7% y-o-y)
- Sales: CHF 4.8 billion (–12.1% y-o-y)
- EBIT: CHF –37 million, operational result positive with CHF 281 million (before restructuring costs and impairment of goodwill)
- Operating Cash Flow: CHF 411 million (–39.4% y-o-y, before changes in net current assets)
- Oerlikon Solar more than doubles total sales with an EBIT margin of 18%
- Debt covenant met
- Top priorities for 2009: restructuring, financial stability and portfolio

**Key figures Oerlikon Group***

| in CHF million | **1 January to 31 December 2008** | 1 January to 31 December 2007 | change |
|---|---|---|---|
| Orders received | 4 319 | 5 811 | –25.7% |
| Orders on hand | 1 318 | 1 821 | –27.6% |
| Sales | 4 750 | 5 404 | –12.1% |
| Operating result** | 281 | 471 | –40.3% |
| EBIT | –37 | 467 | |
| Cash Flow*** | 411 | 678 | –39.4% |
| Net result**** | –422 | 319 | |
| Employees | 18 385 | 18 711 | –1.7% |

**2008 continued operations, 2007 restated. **Before restructuring costs and impairment of goodwill.*
****Before changes in net current assets. **** Of which CHF -215 million discontinued operations.*

***Pfaeffikon SZ, 26 March 2009* – For Oerlikon, 2008 was one of the most challenging years in the company's recent history. As a result of external market influences, the Group was unable to continue the strong growth of recent years and reported a net result for the year of CHF –422 million due to major one time charges. The Group's operating activities in 2008 before restructuring costs and goodwill write-offs, nevertheless, amounted to CHF 281 million (6 percent of sales) as a result of its well performing core businesses. The slowdown in textiles and semiconductors was partially compensated by these business areas, in particular by the strong profitable growth in Oerlikon Solar. The Group is reacting to the continuous challenging economic climate with three defined work streams: expanded restructuring, strengthening of the financial stability and further focusing of the portfolio.**

Vladimir Kuznetsov, Chairman of the Board of Directors, comments: "The 2008 results of Oerlikon are disappointing. The performance of the company was adversely affected by two major external influences: the unprecedented sharp downturn of the textile and semiconductor markets and the general economic slowdown. However, we as the Board feel confident that the company is positioned to master the current market challenges." Dr. Uwe Krueger, Oerlikon CEO, adds: "We remain convinced that Oerlikon has considerable medium and long-term growth and earnings potential. The business environment remains very difficult and, therefore, we have embarked on all necessary

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measures – timely and consequently – in order to first rebuild and then sustain shareholder value. We are in the process of implementing strict restructuring and contingency programs and we will reduce our risk exposure by strengthening our financial base and streamlining our portfolio."

In 2008, Group sales from continued operations declined by 12.1 percent from CHF 5.4 billion to CHF 4.8 billion (minus 8 percent excluding currency effects). EBIT was CHF –37 million (previous year: CHF 467 million). Adjusted for one-off restructuring costs (CHF –66 million) and impairments of goodwill (CHF –252 million), the operating result amounted to CHF 281 million (previous year: CHF 471 million). The net result for the Group amounted to CHF –422 million. The result was adversely impacted by soaring raw material prices (CHF 40 million) and currency effects (CHF 44 million).

The primary reason for the Group's results is the unprecedented historic decline in the global textile machinery market. The 49 percent order decline in Textile alone amounted to CHF 1 291 million (87 percent of the decline of orders received from continued operations). The German Engineering Federation (VDMA) puts the decline in order intake for the whole textile machinery industry at more than 60 percent in 2008, hence putting the relative performance of Oerlikon Textile in perspective. Even in this cyclical market, the scale of volatility was previously unheard-of and has taken all market players by surprise. The Textile segment alone led to lower sales of CHF 1 029 million and a drop in EBIT of CHF 489 million of the Group. The global financial crisis aggravated the situation significantly as of the fourth quarter of 2008. Within just a few weeks, the collapse of the global financial system impacted the real economy and triggered a dramatic downturn in the global economy towards year-end.

This overarching development has two implications for Oerlikon. First, the downward trend in the textile machinery and semiconductor markets, which were already in severe decline at the beginning of the year, has further worsened. Second, growth trends in the core businesses, Oerlikon Coating, Solar and Vacuum, which were expanding and were stable up to this point, reversed at the end of the year. The same was true for Oerlikon Drive Systems. Due to customers' difficulties in obtaining project financing Oerlikon Solar experienced a slowdown in orders received in the second half of 2008. In line with these developments, the Group's orders received from continued operations fell by 25.7 percent from CHF 5.8 billion to CHF 4.3 billion. The orders on hand at the end of the year were CHF 1.3 billion, minus 27.6 percent compared to the previous year.

Business developments in 2008 strained the financial situation of the Group as well. Total equity in Oerlikon Group was CHF 1.1 billion (previous year: CHF 1.9 billion), which represents 20.4 percent of total assets. The equity of 2008 was mainly impacted by the impairment of goodwill in the amount of

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CHF 345 million (CHF 252 million relates to continued operations) and CHF 192 million due to currency conversion differences. Cash flow from operating activities (before change in net current assets) in 2008 totaled CHF 411 million (previous year: CHF 678 million). This drop can primarily be attributed to the slump in operating performance of the textile machinery and semiconductor businesses. The Group's net debt rose from CHF 1 298 million to CHF 1 681 million in 2008. With a ratio of net debt to adjusted EBITDA below 3, the obligations of the syndicated loan of CHF 2.5 billion were met.

**Contrasting developments of Oerlikon segments in 2008**

Segment sales at Oerlikon Textile fell to CHF 1 690 million (–37.8 percent) with an EBIT of CHF –281 million. This includes non-recurring charges of CHF 255 million (goodwill impairment and restructuring expenses). The volume of new orders fell by 49 percent to CHF 1 364 million. Anticipating a cyclical economic downturn, management was early in initiating a thorough and comprehensive restructuring project named "Simplify Oerlikon Textile" at the end of 2007. Owing to worsening developments in 2008, the program was substantially broadened and its implementation accelerated with the aim of reducing the break-even level by more than CHF 300 million and lowering fixed costs by over 20 percent by 2010 (compared to 2007 levels). As an upturn in the textile machinery market is currently not expected before 2010, the course set by the Simplify Oerlikon Textile initiative will be consistently pursued throughout 2009. A further decline in the textile machinery business cannot be ruled out. Oerlikon Textile will react to market developments in a highly flexible, thorough and consistent manner.

As Oerlikon Balzers passed the CHF 500 million sales mark in 2008, it is now being reported solely in the Oerlikon Coating segment. Consequently, and following the reorientation, Oerlikon Systems is now reported under Oerlikon Advanced Technologies for 2008. Oerlikon Coating reported excellent results for 2008. Sales grew by 2.4 percent to CHF 509 million and EBIT amounted to CHF 78 million. Excluding one time charges of CHF 6 million the EBIT margin remained above 16 percent. Balzers continued successfully its regional expansion by opening new coating centers in high growth markets in Asia.

In 2008, the new Solar segment demonstrated the ability to leverage its technological competencies to achieve strong profitable growth. Including intercompany business, total sales increased to CHF 628 million. Sales with third parties increased by 124.8 percent to CHF 598 million. EBIT reached CHF 107 million, an increase of 69.8 percent and the EBIT margin was 18 percent, making Solar the most profitable segment in the Group. However, solar projects in the second half of 2008 were postponed as a result of the global financial crisis. These delays led to lower sales than targeted and a slowdown in orders received. Orders received amounted to CHF 566 million (–12.9 percent). In 2009, Oerlikon Solar's orders received is expected to be on the same level as 2008 due to the global economic crunch. Since the fundamentals underpinning the long-term growth prospects have not changed, the company expects a return to double-digit market growth by early 2010.

Due to an strong performance in the first nine months of 2008, Oerlikon Vacuum recorded solid results for the full year. The segment achieved an increase of 1.5 percent in sales to CHF 465 million with orders received of CHF 460 million (–3.6 percent) and an EBIT of CHF 49 million (–10.9 percent). EBIT was strongly affected by unfavorable currency exchange rates. Without currency effects, the EBIT margin would have exceeded 14 percent. Oerlikon Vacuum expects a declining market in 2009 as most investment activities throughout the world have already slowed down. Due to a stable market portfolio, new product lines with enhanced customer benefits and thorough contingency actions, Oerlikon Vacuum is well positioned to address the challenges on the economic horizon.

Despite a challenging global economic environment, sales of Oerlikon Drive Systems increased by 8.2 percent in 2008 to a record CHF 1 204 million. While the first half of 2008 was marked by growth in many market segments at a faster rate than expected, the second half of 2008 saw slowdowns in the general industrial markets, particularly in the construction machinery sector. Mainly due to high raw material prices and inefficiencies from unexpected boost in volumes in the first six months, EBIT was down 21.7 percent to CHF 65 million. For 2009, sales are expected to decline significantly, particularly in the first half. The impact of lower sales on the profit margin will be reduced by the ongoing optimization of its production footprint and their realignment to market demand.

The segment Oerlikon Components was renamed to Oerlikon Advanced Technologies in the course of streamlining the portfolio. This segment contains Oerlikon Space and Oerlikon Systems as active business units and Oerlikon Esec and Oerlikon Optics as discontinued operations. In 2008, sales from continued operations of Oerlikon Advanced Technologies were at CHF 284 million (–18.4 percent), orders received reached CHF 250 million (–27.1 percent) and EBIT amounted to CHF –66 million (2007: CHF 5 million) including one-time charges of CHF –75 million related to the reorientation of Oerlikon Systems. The business unit witnessed a contraction of the semiconductor market in 2008 that was far more severe than anticipated. As a result, sales declined in the range of 30 percent. Oerlikon Systems expects to see further contraction in 2009. Oerlikon Space once more significantly increased sales and earnings in 2008, benefiting in particular from continued strong demand for commercial rocket launches. In the coming years, the global aerospace market is expected to continue to grow.

In discontinued operations, write offs together with one-time costs in relation to restructuring and

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disposal of the business unit Esec led to a loss of CHF 215 million including a positive contribution from the remaining Optics business.

**Medium to long term prospects based on innovation**

With 5.2 percent (up from 4.5 percent) of its sales spent on research, Oerlikon is one of the most research-intensive industrial groups in its markets. Investments in R&D totaled CHF 247 million (continued operations) in 2008. The company stands out in all business areas for leading technologies and products that offer customers and users added value in the form of higher efficiency, productivity and quality. In many cases, Oerlikon has unique and unrivaled products and services that the competition cannot offer in the same form, such as Solar's micromorph technology or Balzers' P3e coating process. Another example of the innovation success of Oerlikon is the launch of Oerlikon Textile's completely new concept for a chemical fiber spinning line at the International Exhibition of Textile Machinery (ITMA) at the end of 2007. The new WINGS (Winding INtegrated Godet Solution) POY machine saw sales of over 1 600 units in 2008. In a single blow, WINGS seized a global market share of over 50 percent.

Dr. Uwe Krueger, CEO, comments: "The goal of our higher-than-average investments on R&D and intensive links to cutting-edge research worldwide is to maintain and widen our technological and competitive edge." Around 1 500 scientists and engineers are working on the solutions of tomorrow in Oerlikon group, who have registered a total of more than 2 200 patents in 2008. "Innovation results from dedicated employees", adds Dr. Krueger, "Therefore, Oerlikon puts great effort into maintaining its attraction for new talents and developing its people."

Oerlikon plans to stake out markets of the future with innovation projects in the areas of clean technologies and advanced nanotechnology. Both areas are playing an increasing role in Oerlikon's activities. The percentage of Oerlikon's sales accounted for by clean technology products – i.e. products that have a direct environmental benefit – rose from 8 percent in 2007 to 18 percent in 2008. In addition to production facilities for thin film silicon solar modules, clean technology products include transmissions for electric vehicles and wind power systems and vacuum pumps for the solar market. Assuming a leadership role in the next evolutionary phase of nanotechnology right from the start is the stated goal of Oerlikon's realignment of the Oerlikon Systems business unit. Oerlikon Systems will concentrate on future growth markets, primarily in solar technology, new types of thin film battery systems and thermoelectric generators.

**Outlook 2009**

To master the current market situation and the challenges of further deteriorating markets, Management defined three major work streams as top priorities for 2009:

- Maintain the sustainability of the Group by accelerated restructuring and contingency measures.
- Secure financial stability by cash flow and NWC improvements as well as refinancing efforts.
- Enhance competitiveness by ongoing innovation and portfolio focusing.

The first area focuses on restructuring & contingency measures and includes cost-cutting programs, particularly at Oerlikon Textile and Oerlikon Drive Systems. At Oerlikon Textile, additional measures aim to reduce the break even point by an additional CHF 200 million to a total reduction of break even of CHF 500 million until 2010 (compared to 2007). To achieve this goal, the strategy of Oerlikon Textile was newly defined and turns away from an integrated full line approach. In the new set up, each Business Unit of Oerlikon Textile focuses on profitable market segments as individual responsibilities. In mutual consent and respect, it was decided that the former segment CEO Dr. Carsten Voigtländer will leave the company as of 31 March. The Business Unit heads of Oerlikon Textile will report directly to the COO of Oerlikon Group, Thomas Babacan.

At Oerlikon Drive Systems' business unit Graziano, a package of measures is near implementation to improve operational flexibility and profitability. In all other segments, comprehensive contingency programs have been tailored to industry and regional needs. Since the beginning of the second half of 2008, the Oerlikon segments have basically stopped renewing temporary contracts with both external and internal staff. As end markets continued to deteriorate further, Oerlikon started to use short-time work to adjust capacity while maintaining its qualified workforce. As of today about 3 800 employees or 20 percent of the workforce are on short time work. Only when unavoidable, reductions of permanent headcounts will be undertaken. In all segments, a total of more than 1 000 permanent employees have been reduced since July (based on continued operations). At Oerlikon Balzers, an additional 250 staff will be made redundant (31 at headquarters in Balzers, Liechtenstein); Oerlikon Solar will adjust its workforce by 60. Additional measures include temporary site closures, salary freezes, sales push and an SG&A savings programs, among others. For the next two years, overall additional restructuring expenses of CHF 100 million are expected, of which approx. two-thirds are attributable to Oerlikon Textile.

A second work stream concentrates on cash flow and refinancing. The company's objective is to maintain sufficient liquidity and to strengthen its balance sheet during the period of restructuring and portfolio focusing. With regard to financing, Oerlikon aims at strengthening its capital base while maintaining its syndicated credit facility. For this purpose the company's management and board initiated actions and are in the process to explore options, which apart from operational efficiency improvements include an amendment of the syndicated facility, and may include asset divestures or capital/equity market transactions for the Group or individual businesses. Management and Board are confident that the above actions will be successful.

Innovation and portfolio are key thrusts of the third work stream. The first priority is to reposition Oerlikon Group around its core business of interface and surface technologies. Therefore, the company has successfully completed the disposal of several non core assets. Important progress was already made in this area with the sale of Oerlikon Esec, major parts of Oerlikon Optics as well as the Etch, Blu-ray line and magnetic media business of Oerlikon Systems. As a result, the company reduced its overall exposure to the semiconductor market to less than 3 percent of sales. Other divestments are being evaluated. To the extent that they enhance shareholder value and result in responsibly dealing with customer and employee interests, the company may proceed with additional disposals.

The management believes that the general visibility of market trends and customer developments is low, especially for the second half year 2009. The company, therefore, is in the process of enhancing its reporting and monitoring systems in order to enable the management to react with additional measures as necessary. Providing specific guidance in the current environment is not regarded as beneficial and may in fact turn out to be misleading. Therefore, the company refrains from any detailed guidance at this point in time. Dr. Uwe Krueger, CEO: “Overall, we expect that ongoing market weaknesses will lead to a further decline in sales in 2009, notably in the first half of the year. The company does not expect net result to be positive in 2009 but targets to regain profitability in 2010, when measures of advanced restructuring, refinancing, and portfolio streamlining become fully effective.”

All business units have taken preventive steps to adapt to deteriorating market conditions and to concentrate on profitability and cash flow. In these challenging times it is of utmost importance to ensure that Oerlikon’s financial basis remains solid and sound. “The company’s actions initiated in 2008 reflect this priority and we are committed to preserving financial stability in 2009”, says Dr. Krueger. “With a complemented and highly dedicated Executive Board, an experienced Board of Directors as well as a committed strategic shareholder, we face the future with cautious optimism,” says CEO Dr. Krueger.

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***About Oerlikon***

*Oerlikon (SIX: OERL) is one of the world's leading international high-tech industrial groups specializing in machine and plant engineering. The company is a leader in the field of industrial solutions and innovative technologies for textile manufacture, thin-film solar and thin-film coating, drive, precision and vacuum systems. With roots in Switzerland and a long tradition stretching back 100 years, Oerlikon is a global player with a workforce of almost 18 500 at 180 locations in 37 different countries. The company's sales amounted to CHF 4.8 billion in 2008 and it ranks either first or second in the respective global markets.*

# Key figures 2008 [1]

(in CHF)

| | | | Year-on-year |
|---|---|---|---|
| **4.8** | **billion** | **sales [2]** | **–12.1%** |
| **4.3** | **billion** | **orders received [2]** | **–25.7%** |
| **281** | **million** | **operating result [2,3]** | **–40.3%** |
| **–37** | **million** | **EBIT [2]** | |
| **411** | **million** | **operating cash flow [4]** | **–39.4%** |

## Key figures Oerlikon Group [1,2]

| in CHF million | **January 1 to December 31 2008** | January 1 to December 31 2007 restated |
|---|---|---|
| Orders received [2] | 4 319 | 5 811 |
| Orders on hand [2] | 1 318 | 1 821 |
| Sales [2] | 4 750 | 5 404 |
| EBITDA [2] | 495 | 688 |
| – as % of sales | 10% | 13% |
| EBIT [2,3] | –37 | 467 |
| – as % of sales | –1% | 9% |
| Net result | –422 | 319 |
| – as % of sales | –9% | 6% |
| – as % of equity attributable to shareholders of the parent | –39% | 17% |
| Cash flow from operating activities [4] | 411 | 678 |
| Capital expenditure for fixed and intangible assets [2] | 335 | 325 |
| Total assets | 5 476 | 6 290 |
| Equity attributable to shareholders of the parent | 1 093 | 1 858 |
| – as % of total assets | 20% | 30% |
| Net liquidity [5] | –1 586 | –794 |
| Net assets [6] | 2 919 | 3 266 |
| EBIT as % of net assets (RONA) | –1% | 14% |
| Number of employees [2] | 18 385 | 18 711 |
| Personnel expenses [2] | 1 323 | 1 355 |
| Research and development expenses [2,7] | 247 | 245 |

[1] A five-year summary of key figures may be found on page 132.

[2] 2008 continued operations, 2007 restated.

[3] For 2008, continued operations of Oerlikon Group report an EBIT of CHF 281 million (before restructuring and impairment of goodwill). The Group EBIT including discontinued operations amounted to CHF 203 million (before restructuring and impairment of goodwill).

[4] Before changes in net current assets.

[5] Net liquidity includes marketable securities, treasury shares at market value as per December 31 as well as short term and long term debt.

[6] Net assets include current and non-current operating assets excluding cash, financial assets, current tax receivables and assets classified as held for sale less operating liablities excluding financial liabilities, tax provisions and liablitities classified as held for sale.

[7] Research and development expenses include expenses recognized as intangible assets in the amount of CHF 31 million (previous year: CHF 34 million).

## Key share-related figures [8]

| in CHF | **January 1 to December 31 2008** | January 1 to December 31 2007 restated |
|---|---|---|
| Share price | | |
| High | 472 | 795 |
| Low | 67 | 337 |
| Year-end | 69 | 473 |
| | | |
| Total shares outstanding | 14 142 437 | 14 142 437 |
| Market capitalization in millions | 976 | 6 693 |
| EBIT | –2.90 | 35.64 |
| Net result for the period | –33.13 | 24.00 |
| Net cash flow | 32.06 | 51.78 |
| Shareholders' equity | 85.25 | 142.01 |
| Dividend [9] | 0.00 | 0.00 |

[8] Average number of shares with voting and dividend rights.

[9] Dividend 2008: proposal of the Board of Directors.

# Consolidated income statement

| in CHF million | Notes | **January 1 to December 31 2008** | January 1 to December 31 2007 restated |
|---|---|---|---|
| Sales of goods | | 4 132 | 4 765 |
| Services rendered | | 618 | 639 |
| **Total sales** | | **4 750** | **5 404** |
| Cost of sales | | –3 631 | –4 065 |
| **Gross profit** | | **1 119** | **1 339** |
| Marketing and selling | | –316 | –328 |
| Research and development | | –237 | –215 |
| Administration | | –311 | –375 |
| Impairment of goodwill | 12 | –252 | 0 |
| Restructuring costs | 3 | –66 | –2 |
| Other income and expenses | 2 | 26 | 48 |
| **EBIT** | | **–37** | **467** |
| Result from associated companies | | 0 | –15 |
| Financial income | 4 | 14 | 17 |
| Financial expenses | 4 | –123 | –145 |
| **Result before taxes (EBT)** | | **–146** | **324** |
| Income taxes | 5 | –61 | –18 |
| **Result from continued operations** | | **–207** | **306** |
| Result from discontinued operations | 22 | –215 | 13 |
| **Net result** | | **–422** | **319** |
| Attributable to: | | | |
| Shareholders of the parent | | –425 | 314 |
| Minority interests | | 3 | 4 |
| Earnings per registered share in CHF | 6 | **–33.13** | 24.00 |
| Diluted earnings per registered share in CHF | 6 | **–33.13** | 24.00 |
| Earnings per registered share continued operations in CHF | | **–16.36** | 23.00 |
| Diluted earnings per registered share continued operations in CHF | | **–16.36** | 23.00 |
| Earnings per registered share discontinued operations in CHF | 6 | **–16.77** | 1.00 |
| Diluted earnings per registered share discontinued operations in CHF | 6 | **–16.77** | 1.00 |

**Consolidated statement of recognized income and expenses**

| in CHF million | | **January 1 to December 31 2008** | January 1 to December 31 2007 restated |
|---|---|---|---|
| Fair value adjustments IAS 39 | | 12 | 3 |
| Realization under IAS 39 transferred to profit or loss | | –3 | –2 |
| Defined benefit plan actuarial (losses) / gains IAS 19 | 13 | –70 | 99 |
| Economic benefit available as a contribution reduction IAS 19 – IFRIC 14 | | 0 | 1 |
| Income taxes on income and expenses recognized directly in equity | | 17 | –39 |
| Conversion differences | | –192 | –5 |
| Net (loss) / gain recognized directly in equity | | –236 | 58 |
| Net result | | –422 | 319 |
| **Total recognized income and expenses for the period** | | **–658** | **377** |
| Attributable to: | | | |
| Shareholders of the parent | | –658 | 373 |
| Minority interests | | 0 | 4 |

# Consolidated balance sheet at December 31

## Assets

| in CHF million | Notes | 2008 | 2007 restated |
|---|---|---|---|
| Cash and cash equivalents | 7 | 393 | 484 |
| Current financial investments and derivatives | 8 | 43 | 25 |
| Trade receivables | 9 | 534 | 794 |
| Other receivables | 9 | 340 | 268 |
| Current tax receivables | | 16 | 27 |
| Inventories | 10 | 901 | 814 |
| Prepaid expenses and accrued income | | 34 | 25 |
| Assets classified as held for sale | 22 | 60 | 65 |
| **Current assets** | | **2 321** | **2 501** |
| Loans and other long-term financial receivables | 9 | 15 | 15 |
| Non-current financial investments | 8 | 33 | 34 |
| Property, plant and equipment | 11 | 1 278 | 1 394 |
| Intangible assets | 12 | 1 696 | 2 170 |
| Post-employment benefit assets | 13 | 0 | 23 |
| Deferred tax assets | 5 | 133 | 154 |
| **Non-current assets** | | **3 155** | **3 789** |
| **Total assets** | | **5 476** | **6 290** |

## Liabilities and equity

| in CHF million | Notes | 2008 | 2007 restated |
|---|---|---|---|
| Trade payables | 14 | 455 | 587 |
| Loans and borrowings | 14 | 56 | 40 |
| Other liabilities | 14 | 91 | 121 |
| Accrued liabilities | 15 | 373 | 408 |
| Current customer advances | | 143 | 249 |
| Current income taxes payable | | 130 | 139 |
| Current post-employment benefit provisions | 13 | 15 | 17 |
| Other current provisions | 16 | 152 | 167 |
| Liabilities classified as held for sale | 22 | 67 | 27 |
| **Current liabilities** | | **1 482** | **1 756** |
| Loans and borrowings | 14 | 2 039 | 1 748 |
| Non-current customer advances | | 40 | 48 |
| Non-current post-employment benefit provisions | 13 | 525 | 539 |
| Deferred tax liabilities | 5 | 198 | 222 |
| Other non-current provisions | 16 | 74 | 93 |
| **Non-current liabilities** | | **2 876** | **2 649** |
| **Total liabilities** | | **4 358** | **4 404** |
| Share capital | | 283 | 283 |
| Treasury shares | | –294 | –184 |
| Reserves and retained earnings | | 1 104 | 1 759 |
| **Equity attributable to shareholders of the parent** | | **1 093** | **1 858** |
| Minority interests | | 25 | 28 |
| **Total equity** | | **1 118** | **1 886** |
| **Total liabilities and equity** | | **5 476** | **6 290** |

# Consolidated cash flow statement

| in CHF million | Notes | **January 1 to December 31 2008** | January 1 to December 31 2007 restated |
|---|---|---|---|
| Net result | | –422 | 319 |
| Tax expenses (+) / tax income (–) | | 61 | 18 |
| Interest expense (+) / interest income (–) from financial liabilities and assets | | 64 | 73 |
| Depreciation of property, plant and equipment | 11 | 205 | 205 |
| Amortization of intangible assets | 12 | 48 | 30 |
| Impairment losses on property, plant and equipment | 11 | 1 | 7 |
| Impairment losses on intangible assets | 12 | 410 | 1 |
| Losses (+) / gains (–) from investments in associated companies | | 0 | 15 |
| Addition to (+) / release of (–) other provisions | 16 | 101 | 41 |
| Increase (+) / decrease (–) in post-employment benefit provisions | 13 | 4 | –29 |
| Losses (+) / gains (–) from sale of non-current assets | | 0 | 2 |
| Gain on sale of discontinued operations, net of income tax | | –4 | 0 |
| Income taxes paid | | –51 | –40 |
| Other non-cash expenses (+) / income (–) | | –4 | 34 |
| Cash flow from operating activities before changes in net current assets | | 411 | 678 |
| Decrease (+) / increase (–) in receivables / accrued assets | | 178 | –24 |
| Decrease (+) / increase (–) in inventories | 10 | –87 | –6 |
| Increase (+) / decrease (–) in payables / accrued liabilities and use of other provisions | | –291 | 22 |
| Increase (+) / decrease (–) in customer advances | | –106 | 20 |
| Non-cash impact on net current assets due to hedge accounting | | 18 | –7 |
| Cash flow from changes in net current assets | | –288 | 4 |
| **Cash flow from operating activities** | | **123** | **682** |
| Capital expenditure for property, plant and equipment | 11 | –278 | –273 |
| Capital expenditure for intangible assets | 12 | –74 | –80 |
| Disposal of discontinued operations, net of cash disposed of | | 11 | 0 |
| Purchase of financial Investments | | –1 | –4 |
| Sale of financial investments | | 2 | 0 |
| Proceeds from sale of intangible assets | | 1 | 0 |
| Decrease in loans receivable | 9 | 0 | 5 |
| Decrease in marketable securities | 8 | 5 | 87 |
| Acquisition of group companies | 1 | –2 | –371 |
| Proceeds from sale of property, plant and equipment | | 27 | 47 |
| Interest received | | 9 | 10 |
| **Cash flow from investing activities** | | **–300** | **–578** |
| Dividends paid | | –2 | –1 |
| Purchase of treasury shares | | –111 | –2 |
| Sale of treasury shares | | 1 | 1 |
| Increase of financial debt | 14 | 318 | 1 706 |
| Repayment of financial debt | 14 | –28 | –1 732 |
| Interest paid | | –62 | –83 |
| **Cash flow from financing activities** | | **116** | **–111** |
| Conversion adjustments to cash and cash equivalents | | –30 | 5 |
| **Increase (+) / decrease (–) in cash and cash equivalents** | | **–91** | **–2** |
| Cash and cash equivalents at the beginning of the year | 7 | 484 | 486 |
| Cash and cash equivalents at the end of the year | 7 | 393 | 484 |
| **Increase (+) / decrease (–) in cash and cash equivalents** | | **–91** | **–2** |

# Segment information 2008–2007

| in CHF million | Oerlikon Textile 2008 | Oerlikon Textile 2007 | Oerlikon Coating [2] 2008 | Oerlikon Coating [2] 2007 | Oerlikon Solar [2] 2008 | Oerlikon Solar [2] 2007 | Oerlikon Vacuum 2008 | Oerlikon Vacuum 2007 | Oerlikon Drive Systems 2008 | Oerlikon Drive Systems 2007 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Orders received** | 1 364 | 2 655 | 509 | 497 | 566 | 650 | 460 | 477 | 1 171 | 1 185 |
| **Orders on hand** | 443 | 821 | – | – | 429 | 460 | 68 | 78 | 183 | 231 |
| **Sales** | | | | | | | | | | |
| Sales to third parties | 1 690 | 2 719 | 509 | 497 | 598 | 266 | 465 | 458 | 1 204 | 1 113 |
| Sales to group companies | 0 | 0 | 1 | 1 | 29 | 38 | 30 | 7 | 0 | 0 |
| | **1 690** | **2 719** | **510** | **498** | **628** | **304** | **495** | **464** | **1 204** | **1 113** |
| **Sales by market region to third parties** | | | | | | | | | | |
| Japan and Asia / Pacific | 893 | 1 453 | 106 | 98 | 334 | 111 | 126 | 121 | 73 | 54 |
| Europe | 411 | 788 | 298 | 292 | 260 | 155 | 263 | 244 | 679 | 645 |
| North America | 277 | 299 | 102 | 105 | 4 | 0 | 73 | 89 | 450 | 413 |
| Other regions | 109 | 179 | 3 | 2 | 0 | 0 | 3 | 3 | 2 | 2 |
| | **1 690** | **2 719** | **509** | **497** | **598** | **266** | **465** | **458** | **1 204** | **1 113** |
| **Sales by location to third parties** | | | | | | | | | | |
| Japan and Asia / Pacific | 238 | 374 | 75 | 73 | 5 | 5 | 104 | 94 | 61 | 56 |
| Europe | 1 333 | 2 207 | 322 | 303 | 589 | 261 | 294 | 283 | 806 | 731 |
| North America | 103 | 134 | 60 | 69 | 4 | 0 | 68 | 80 | 338 | 326 |
| Other regions | 16 | 3 | 52 | 52 | 0 | 0 | 0 | 0 | | 0 |
| | **1 690** | **2 719** | **509** | **497** | **598** | **266** | **466** | **458** | **1 204** | **1 113** |
| **Capital expenditure for fixed and intangible assets** | | | | | | | | | | |
| Japan and Asia / Pacific | 22 | 14 | 24 | 17 | 0 | 0 | 3 | 3 | 10 | 11 |
| Europe | 66 | 69 | 32 | 44 | 35 | 29 | 28 | 14 | 53 | 48 |
| North America | 1 | 1 | 7 | 5 | 0 | 0 | 1 | 0 | 24 | 15 |
| Other regions | 0 | 0 | 14 | 14 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **89** | **84** | **77** | **80** | **35** | **29** | **32** | **18** | **87** | **74** |
| **Number of employees** | | | | | | | | | | |
| Japan and Asia / Pacific | 2 579 | 2 652 | 581 | 505 | 98 | 31 | 277 | 244 | 949 | 1 158 |
| Europe | 4 141 | 4 736 | 1 665 | 1 545 | 762 | 420 | 1 207 | 1 101 | 2 917 | 2 731 |
| North America | 227 | 332 | 263 | 324 | 8 | 0 | 89 | 82 | 1 214 | 1 159 |
| Other regions | 61 | 33 | 383 | 373 | 0 | 0 | 10 | 9 | 0 | 0 |
| | **7 008** | **7 753** | **2 892** | **2 747** | **868** | **451** | **1 583** | **1 436** | **5 080** | **5 048** |
| **Assets (only third-party)** | | | | | | | | | | |
| Japan and Asia / Pacific | 210 | 261 | 108 | 94 | 10 | 1 | 50 | 43 | 86 | 89 |
| Europe | 1 574 | 2 083 | 228 | 271 | 511 | 143 | 231 | 159 | 1 024 | 961 |
| North America | 36 | 40 | 47 | 54 | 2 | 0 | 19 | 22 | 310 | 388 |
| Other regions | 7 | 5 | 55 | 84 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 1 828 | 2 389 | 438 | 503 | 524 | 144 | 300 | 223 | 1 420 | 1 438 |
| Liabilities (only third-party) | –630 | –936 | –86 | –116 | –277 | –168 | –232 | –263 | –344 | –341 |
| **Net assets (only third-party) [1]** | **1 197** | **1 453** | **352** | **387** | **247** | **–24** | **68** | **–40** | **1 076** | **1 097** |
| Assets including intercompany relationships | 1 828 | 2 391 | 441 | 505 | 525 | 160 | 307 | 231 | 1 420 | 1 439 |
| Liabilities including intercompany relationships | –633 | –944 | –89 | –122 | –284 | –182 | –235 | –267 | –350 | –353 |
| Net assets including intercompany relationships [1] | **1 195** | **1 447** | **352** | **383** | **241** | **–22** | **72** | **–36** | **1 070** | **1 086** |
| Research and development expenses | –96 | –103 | –23 | –17 | –50 | –21 | –25 | –25 | –15 | –14 |
| Earnings before deprecaition and amortization (EBITDA) | –9 | 276 | 134 | 129 | 128 | 68 | 63 | 64 | 126 | 143 |
| Depreciation and amortization | –69 | –69 | –54 | –47 | –21 | –6 | –14 | –9 | –61 | –60 |
| Impairment / Reversal of impairment on property, plant and equipment and intangible assets | 0 | 0 | –1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment of goodwill | –200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **EBIT** | **–281** | **208** | **78** | **83** | **107** | **63** | **49** | **55** | **65** | **83** |

[1] Net assets include all current and non-current operating assets (excluding cash and financial assets), less operating liabilities (excluding financial liabilities and tax provisions). Net assets do not include current and non-current non-operating assets and financial assets and liabilities including cash and cash equivalents (CHF 396 million), long-term financial debt (CHF 2 039 million), current (CHF 16 million) and deferred (CHF 133 million) tax receivables, current (CHF 130 million) and deferred (CHF 198 million) tax payables, and other non-operating receivables, payables and accruals (net CHF 27 million).

[2] Restated.

Segment information 2008–2007

| Oerlikon Advanced Technologies [2] | | Other | | Oerlikon Group Continued operations | | Discontinued operations | | Elimination | | Oerlikon Group Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2008** | 2007 | **2008** | 2007 | **2008** | 2007 [2] | **2008** | 2007 | **2008** | 2007 | **2008** | 2007 |
| 250 | 343 | 0 | 3 | 4 319 | 5 811 | 191 | 327 | | | 4 511 | 6 137 |
| 194 | 230 | 0 | 0 | 1 318 | 1 821 | 20 | 39 | | | 1 337 | 1 860 |
| | | | | | | | | | | | |
| 284 | 348 | 0 | 3 | 4 750 | 5 404 | 210 | 329 | | | 4 960 | 5 732 |
| 0 | 50 | 0 | 0 | 60 | 96 | | | –60 | –96 | 0 | 0 |
| **284** | **398** | **0** | **3** | **4 810** | **5 499** | **210** | **329** | **–60** | **–96** | **4 960** | **5 732** |
| | | | | | | | | | | | |
| 67 | 80 | 0 | 0 | 1 599 | 1 917 | 147 | 254 | | | 1 746 | 2 171 |
| 138 | 170 | 0 | 3 | 2 049 | 2 295 | 44 | 27 | | | 2 093 | 2 322 |
| 73 | 89 | 0 | 0 | 979 | 995 | 17 | 44 | | | 996 | 1 039 |
| 6 | 10 | 0 | 0 | 123 | 197 | 2 | 4 | | | 125 | 200 |
| **284** | **348** | **0** | **3** | **4 750** | **5 404** | **210** | **329** | | | **4 960** | **5 732** |
| | | | | | | | | | | | |
| 41 | 50 | 0 | 0 | 524 | 651 | 5 | 6 | | | 528 | 657 |
| 144 | 154 | 0 | 3 | 3 488 | 3 942 | 164 | 268 | | | 3 652 | 4 209 |
| 98 | 144 | 0 | 0 | 671 | 755 | 41 | 54 | | | 712 | 809 |
| 0 | 0 | 0 | 0 | 68 | 56 | 0 | 1 | | | 68 | 56 |
| **284** | **348** | **0** | **3** | **4 750** | **5 404** | **210** | **329** | | | **4 960** | **5 732** |
| | | | | | | | | | | | |
| 0 | 0 | 0 | 0 | 60 | 46 | 1 | 2 | | | 60 | 47 |
| 1 | 5 | 15 | 29 | 229 | 238 | 15 | 24 | | | 244 | 263 |
| 0 | 5 | 0 | 0 | 32 | 26 | 0 | 2 | | | 32 | 28 |
| 0 | 0 | 0 | 0 | 14 | 14 | | | | | 14 | 14 |
| **1** | **10** | **15** | **29** | **335** | **325** | **16** | **28** | | | **351** | **353** |
| | | | | | | | | | | | |
| 514 | 105 | 0 | 0 | 4 997 | 4 695 | 444 | 487 | | | 5 442 | 5 182 |
| 139 | 713 | 140 | 287 | 10 972 | 11 533 | 299 | 591 | | | 11 270 | 12 124 |
| 152 | 161 | 3 | 4 | 1 956 | 2 062 | 14 | 107 | | | 1 970 | 2 169 |
| 0 | 0 | 6 | 6 | 460 | 421 | | | | | 460 | 421 |
| **805** | **979** | **149** | **297** | **18 385** | **18 711** | **757** | **1 185** | | | **19 142** | **19 896** |
| | | | | | | | | | | | |
| 6 | 43 | 0 | 0 | 470 | 531 | 22 | 13 | | | 493 | 544 |
| 152 | 429 | 45 | 134 | 3 766 | 4 180 | 21 | 42 | | | 3 788 | 4 223 |
| 54 | 164 | 1 | 13 | 469 | 680 | 17 | 10 | | | 486 | 690 |
| 0 | 0 | 0 | 0 | 63 | 89 | | | | | 63 | 89 |
| 212 | 636 | 46 | 147 | 4 768 | 5 481 | 60 | 65 | | | 4 829 | 5 547 |
| –153 | –224 | –127 | –168 | –1 849 | –2 215 | –67 | –28 | | | –1 917 | –2 243 |
| **59** | **412** | **–81** | **–20** | **2 919** | **3 266** | **–7** | **38** | | | **2 912** | **3 305** |
| | | | | | | | | | | | |
| 211 | 641 | 60 | 194 | 4 792 | 5 561 | 63 | 67 | –26 | –81 | 4 829 | 5 547 |
| –154 | –248 | –130 | –178 | –1 875 | –2 293 | –70 | –30 | 26 | 81 | –1 917 | –2 243 |
| **57** | **393** | **–70** | **16** | **2 917** | **3 268** | **–7** | **37** | **0** | **0** | **2 912** | **3 305** |
| | | | | | | | | | | | |
| –28 | –35 | 0 | 0 | –237 | –215 | –60 | –23 | | | –297 | –239 |
| | | | | | | | | | | | |
| 18 | 24 | 35 | –17 | 492 | 688 | –57 | 36 | | | 435 | 724 |
| –12 | –16 | –13 | –12 | –244 | –220 | –9 | –17 | | | –253 | –235 |
| | | | | | | | | | | | |
| –21 | –1 | –12 | 0 | –34 | –1 | –47 | –6 | | | –81 | –7 |
| –52 | –2 | 0 | 0 | –252 | –2 | –93 | 0 | | | –345 | –2 |
| **–66** | **5** | **10** | **–29** | **–37** | **467** | **–206** | **13** | | | **–243** | **480** |