

**Oerlikon in the first nine months 2009**

**Business volume shows first signs of recovery**

- Order intake of CHF 2.3 billion (-35 percent over Q1-Q3 2008)
- Sales of CHF 2.2 billion (-39 percent over Q1-Q3 2008)
- Sequential quarter-on-quarter comparison (Q3 to Q2 2009) shows stabilization and first signs of recovery
- Order intake in the early-cyclical textile machine segment in Q3 2009 up by over 50 percent compared with Q2 2009
- Top priorities remain unchanged: reduce the company's debt, shore up the balance sheet and implement restructuring plans
- Return to operational profitability in 2010 targeted

***Key figures for the Oerlikon Group as at September 30, 2009***

in CHF billion (continued operations)	Q1-Q3 2009	Q1-Q3 2008	Delta
Order intake	2.3	3.5	-35%
Orders on hand	1.1	1.5	-31%
Sales	2.2	3.6	-39%

***Pfäffikon SZ, October 22, 2009*** – For most segments of Oerlikon Group, business volumes largely stabilized in the third quarter of the year. A direct comparison of Q3 to Q2 2009 is showing first signs of recovery on segment level, although the decline in order intake, orders on hand and sales in the first nine month of 2009 was quite considerable compared to the same period of the prior year. Especially Oerlikon Textile presented strong volume increase from Q2 to Q3 2009. Increases in order intake and sales were also seen at Oerlikon Coating, Vacuum and Advanced Technologies in Q3 2009. “The business climate is starting to brighten up,” says Hans Ziegler, CEO of the Oerlikon Group and Delegate of the Board of Directors. According to Ziegler, “We are glad to see that Q3 volumes are pointing toward the beginning of a recovery for key business areas. However, top priority is still being given to reducing the company's debt, shoring up the balance sheet and implementing restructuring measures.” During the fourth quarter of the year, Oerlikon expects slightly rising volumes in most segments compared to the average of the first three quarters of 2009.

At CHF 2.3 billion, order intake for the Oerlikon Group's continued operations during Q1-Q3 2009 was down 35 percent year-on-year. During the first half of 2009, order intake fell 39 percent despite two major Solar contracts. Orders on hand amounted to CHF 1.1

Seite 2 billion (-31 percent year-on-year). In a year-on-year comparison, Group sales fell 39 percent to CHF 2.2 billion during Q1-Q3 2009.

The strong year-on-year decline in volumes, particularly during the first half of 2009, was triggered by the global recession which has taken hold of Oerlikon's main markets together with the ongoing crisis in the financial sector. In addition to this ongoing curbed demand, financing large projects in machinery and plant engineering continues to be difficult.

### **Quarter-on-quarter comparison indicates recovery in early cycle industries**

A comparison of the first three quarters of 2009 shows that some main business areas are seeing signs of stabilization and a reversal of the previous trends. Compared to Q2 2009, Oerlikon Textile, Coating, Vacuum and Advanced Technologies posted some considerable growth in order intake and sales in Q3 2009 – most significant were Oerlikon Textile's over 50 percent growth in order intake and 20 percent increase in sales over the previous quarter. Early orders for 2010 also brought about an increase in order intake at the late-cyclical segment Oerlikon Drive Systems in Q3 2009 compared to the previous quarter; a decline can be expected for Q4 2009. Due to the nature of the projects at Oerlikon Solar, which consist of a small number of large-volume orders, a quarter-on-quarter comparison of this segment is not appropriate. The segment posted a strong Q2 2009 thanks to two major contracts won in June 2009.

Systematic implementation of the restructuring measures led to an EBIT improvement in the course of the year. With the exception of Oerlikon Drive Systems, all segments were positive in September 2009. The trend for the operative cash flow is also showing improvement. All in all, the planned restructuring measures should result in annual savings of up to CHF 400 million by 2010 with expected restructuring costs of around CHF 130 million in 2009 and over CHF 30 million in 2010.

### **Outlook**

For the fourth quarter of 2009 management expects Oerlikon Textile to demonstrate significant volume growth compared to the average of the first three quarters. Oerlikon also expects moderate growth at Oerlikon Coating, Vacuum and Advanced Systems,

Seite 3 and a downward trend at Oerlikon Solar and Drive Systems. “We expect that the implemented restructuring measures will further improve operational earning power”, states CEO Hans Ziegler. Oerlikon Group confirms its goal of returning to profitability on operational basis in 2010. However, high financing and restructuring costs will continue to impact net profit adversely. The Group addresses its balance sheet structure and debt reduction by evaluating possible divestments of individual business units as well as other capital-supporting measures.

## **Segment performance**

### **Oerlikon Textile**

Oerlikon Textile generated an order intake of CHF 845 million (-28 percent year-on-year) during Q1-Q3 2009. Orders on hand amounted to CHF 540 million (-12 percent) at the reporting date and sales totaled CHF 712 million (-47 percent). The sharp declines over the previous year reflect overall declines on the global textile market. Compared to the volume from the previous quarter, however, recovery on the textile market has accelerated even further. Order intake during Q3 2009 was up by more than 50 percent over Q2 2009 and sales growth exceeded 20 percent. The book-to-bill ratio continued to improve to 1.3. Increases in order intake and sales are largely due to Oerlikon Barmag, Schlafhorst and Components. The Chinese market has grown even further and other Asian markets such as India and Vietnam are performing positively. While the first half of 2009 was influenced most heavily by increased demand due to government stimulus measures in China as well as the realization of delayed orders, new projects are now also being commissioned.

The defined restructuring programs at Oerlikon Textile will still be consistently implemented as announced. These aim to cut fixed costs by 20 percent by 2010 and lower the break-even level by CHF 500 million (compared to 2007). So far production facilities have been consolidated from 35 to 25. All in all, Oerlikon Textile expects volumes to continue growing in Q4 2009. An optimization of global production facilities combined with a streamlined, cost-efficient organization will have a positive impact on the earnings situation in the coming upswing.

## Seite 4 **Oerlikon Coating**

The Oerlikon Coating segment posted sales of CHF 237 million in Q1-Q3 2009, a 40 percent drop compared with the prior-year period. Quarter-on-quarter, however, it should be stressed that sales in Q3 2009 grew by 6 percent compared with Q2 2009, to CHF 79 million. Here, too, market recovery looks to be underway. This increase is even more notable since Q3 has considerably fewer working days and has historically been a relatively weak quarter. This looming trend is the result of a stabilization of European automotive markets, an upswing on the US market and continued good conditions on the Asian market. Oerlikon Coating is continuously adjusting its coating center network based on market developments. While a coating center was consolidated permanently in Italy and one was closed temporarily in the UK, operations at a coating center which had been temporarily shut down are resuming in the USA. The signs at Oerlikon Coating point to increasing volumes in Job Coating and, increasingly, for tools as well during Q4 2009.

## **Oerlikon Solar**

Business volume at Oerlikon Solar remained at around the previous year's level during Q1-Q3 2009. Order intake stood at CHF 503 million (-5 percent) and orders on hand amounted to CHF 328 million (-40 per cent). Sales reached CHF 432 million, a decline of 2 percent. Despite the difficult economic condition, Oerlikon Solar was able to win two major contracts in Q2 2009: one 120 megawatt (MW) first-time contract from Nano Solar Technologies Ltd., Russia, as well as a 30 MW follow-up contract from HelioSphera in Greece. Order intake in Q3 2009 did not include any major contracts.

The successful construction of end-to-end production facilities enabled Oerlikon Solar to further strengthen its position as leader in Q3 2009. In August, Tianwei and Oerlikon Solar announced the completion of one of China's largest production facilities for thin-film solar modules. With a total of ten customer production plants, Oerlikon Solar is the leading provider of thin-film solar systems and has the shortest production lead times. All in all the segment anticipates slightly declining volumes in 2009. Based on the current order intake and market trends a slight increase of order intake and flat sales development is expected for 2010.

Seite 5 **Oerlikon Vacuum**

At Oerlikon Vacuum the global downturn on the capital goods market in Q1-Q3 2009 led to a decline in order intake which fell 36 percent to CHF 235 million. Orders on hand amounted to CHF 78 million (-12 percent). Sales reached CHF 225 million, 37 percent less than the previous year period. However a quarter-on-quarter comparison indicates some stabilization for Oerlikon Vacuum, too. Driven in particular by major contracts from the energy sector for 2010, order intake in Q3 increased considerably for the first time in five quarters to end 31 percent higher than Q2. Sales remained stable with a 3 percent increase quarter-on-quarter. Oerlikon Vacuum anticipates continued gradual improvement in demand during the fourth quarter, particularly from Asia.

### **Oerlikon Drive Systems**

Order intake at the Oerlikon Drive Systems segment in Q1-Q3 2009 stood at CHF 412 million (-56 percent year-on-year) while orders on hand amounted to CHF 84 million (-64 percent). Sales in Q1-Q3 2009 totaled CHF 514 million (-44 percent). Demand continues to be low in every region and most areas of application. In a direct quarter-on-quarter comparison between Q3 2009 and Q2 2009, sales dropped 16 percent while order intake rose 14 percent due to special items arising from a number of early orders for 2010. A further decline in volume can be expected for Q4 2009.

### **Oerlikon Advanced Technologies**

As a result of the sales of Oerlikon Esec, Space and Optics, the Oerlikon Advanced Technologies segment only has one business unit at present, Oerlikon Systems. Parts of Oerlikon Systems were also sold in early 2009 (the US-based wafer etch business). In Q1-Q3 2009, the segment generated order intake of CHF 58 million (-51 percent), adjusted for the wafer etch business -44 percent. Orders on hand amounted to CHF 29 million (-47 percent, adjusted -37 percent). Sales in Q1-Q3 2009 totaled CHF 48 million (-59 percent, adjusted -42 percent). Here, too, a quarter-on-quarter comparison indicates stabilization and the first signs of recovery. Compared to Q2 2009, order intake rose slightly by 8 percent in Q3 2009 and sales by 57 percent – largely due to systems produced for the semiconductor industry and optical storage media in Asia.

The new nanocoating production system, Solaris, was successfully launched onto the market in the third quarter. The segment is targeting fast-growing future markets such as the production of crystalline solar cells, touch-sensitive screens (touch panels) as well as new applications in the area of energy conversion and storage. A first machine was sold to a producer of thermogenerators. Oerlikon Advanced Technologies expects volumes to continue their upward trend in Q4, as well.

**This press release contains information based on information currently available to management. The forward-looking statements contained herein could be impacted by risks and influences that are not foreseeable at present, so that actual results may vary materially from those anticipated, expected or projected. Reported values could differ as a result of rounding.**

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### **About Oerlikon**

*Oerlikon (SWX: OERL) is one of the world's leading high-tech industrial groups specializing in machine and plant engineering. The company is a provider of innovative industrial solutions and cutting-edge technologies for textile manufacturing, thin-film coating, drive, precision, vacuum and solar systems. A Swiss company with a tradition going back 100 years, Oerlikon is a global player with around 16,000 employees at 180 locations in 37 countries and sales of CHF 4.8 billion in 2008. The company ranks either first or second in the respective global markets.*