

# Oerlikon divestment of Natural Fibers and Textile Components Business Units

Conference Call

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# Oerlikon divests Natural Fibers and Textile Components Business Units – Summary

## TRANSACTION

- Oerlikon to divest Natural Fibers and Textile Components Business Units (including certain real estate) to Jinsheng Group of China
- Enterprise Value of around CHF 650 million
- Subject to merger control approval in a number of countries
- Closing expected for Q3 2013

## RATIONALE

- Manmade and natural fiber markets different in terms of industry dynamics, technologies, customers and regions – limited overlap and synergies incl. manufacturing footprint
- Focus on manmade fibers – fastest growing area in the global fiber industry
- Reduces complexity / cyclicity and overall textile exposure of Group portfolio
- Focus on technological leadership and value creation of Oerlikon Group

## TRANSFORMATION PROCESS 2012

- Disciplined execution of Operational Excellence
- Disposal of non-operating assets (Pilatus Flugzeugwerke AG, Arbon property)
- Divestment of Solar Segment and announced reduction of textile exposure
- Repositioning of Balance Sheet (net cash positive, unsecured CHF 700m credit facility and CHF 300m Swiss Bond)

# Segment Textile – Business Unit Structure

**oerlikon**

Business Unit  
Manmade Fibers

**oerlikon**  
barmag

**oerlikon**  
neumag

Business Unit  
Natural Fibers

**oerlikon**  
saurer

**oerlikon**  
schlafhorst

Business Unit  
Textile Components

**oerlikon**  
textile components

Sales 2011: CHF 0.9 bn  
44 % of Textile Segment

Oerlikon

Sales 2011: CHF 1.1 bn  
56 % of Textile Segment

Divestment to Jinsheng Group

# Manmade Fiber Business – Leading technology and product portfolio

## Pre-Oriented Yarn (POY)



Filament spinning plant engineering services, spinning line equipment and key components to form pre-oriented filament bundles (POY)

## Draw Textured Yarn (DTY)



Texturing machines crimp the pre-oriented Yarn (POY) to give a natural fiber-like touch

## BCF



BCF spinning plant, engineering services, line equipment and components for the production of carpet yarn

## Staple Fibers



Spinning plant engineering services, line equipment and components to produce synthetic staple fibers

## Fully Drawn Yarn (FDY)



Filament spinning plant engineering services, spinning line equipment and key components to form fully drawn filament bundles (FDY)

## Industrial Yarn (IDY)



Filament spinning plant engineering services, spinning line equipment and key components to form industrial yarn filament bundles (IDY)

## Plastic Machines (BSZ)



Equipment for monofilaments and tape lines, main applications include artificial grass, geo and agro textiles etc.

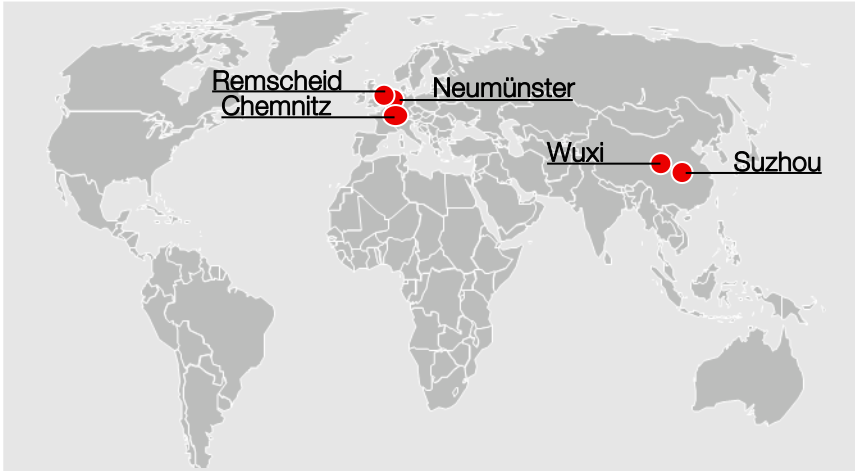
## Nonwoven



Spunbond, meltblown, airlaid plants, lines and components for wide range of technical applications

# Manmade Fiber Business – Strategically located manufacturing footprint

## Manufacturing sites 2012: 5 sites worldwide



## Sites and employees

- 5 manufacturing sites with 1 800 employees
- 4 additional sales / service locations (Beijing, Hong Kong, Mumbai, Charlotte)
- 2 500 employees to remain in Textile Segment

## Business Unit Manmade Fibers

**oerlikon**  
barmag

**oerlikon**  
neumag



# Manmade Fiber Business – Serving growth markets and applications (selection)

## Geo / agro textiles



## Automotive



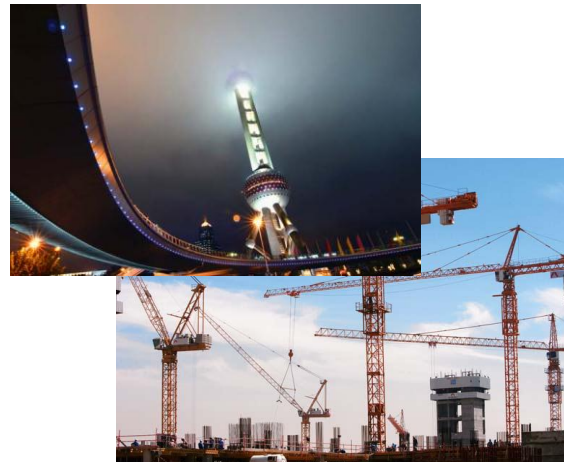
## Home



## Clothing



## Construction

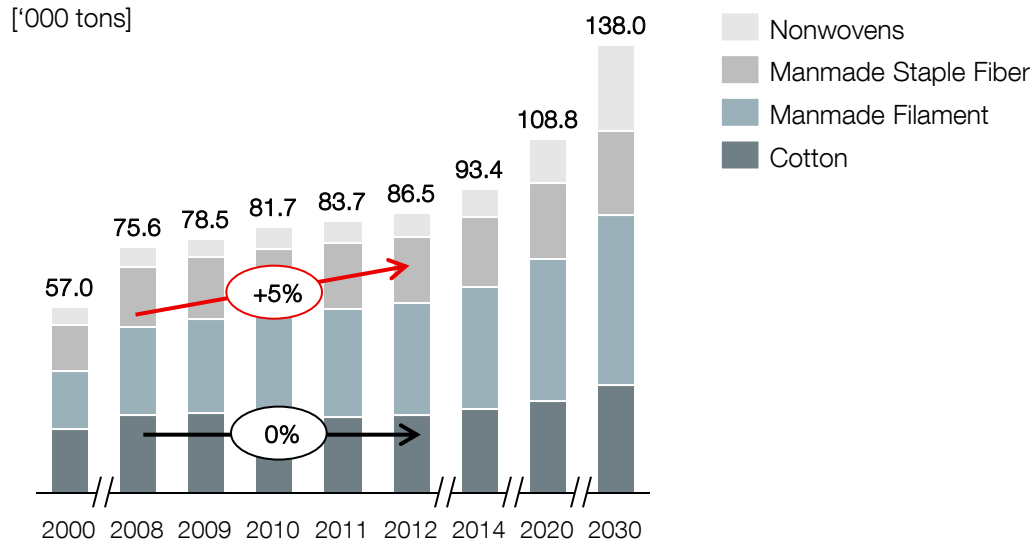


## Sports

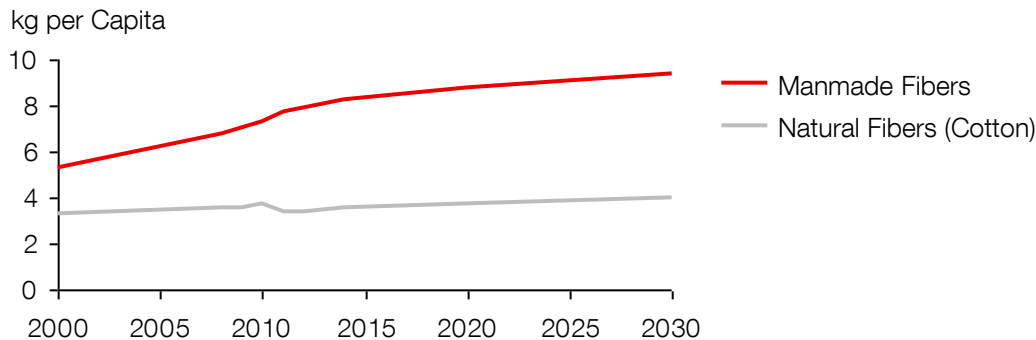


# Manmade Fiber Business – Accelerated growth in the global textile industry

## Global textile mill consumption by technology



## Final Consumer Demand



Source: PCI Redbook 2011, Pira Study

## Market characteristics

- In the past five years total textile mill consumption grew at some 3 % CAGR
- Manmade fiber and Nonwoven reported accelerated growth of around 5 %
- Cotton reported a flat development
- The final textile demand is expected to continue to grow in the coming years mainly thanks 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 (e.g. smart textiles, artificial lawn, geo textiles) especially given the encouragement by China and India in the latest government guidance and policies
- Significant price gap between natural and synthetic fiber has further fuelled the investment in manmade fibers since 2010

# Oerlikon Portfolio – Segment split more balanced


	Group Sales	Group Order Intake	Group EBIT
2011 excl. Solar	<p>CHF 3.9 bn</p>	<p>CHF 3.8 bn</p>	<p>FY 2011 Group EBIT Margin excluding Solar Segment at 11.1 %</p>
2011 preliminary restated	<p>CHF 2.7 bn</p>	<p>CHF 2.9 bn</p>	<p>Divestment will be accretive on restated FY 2011 EBIT margin by 50 to 60 bps dependent on cost allocation and deconsolidation impacts</p>



## Guidance FY 2012

based on  
current currency  
exchange rates

- Natural Fibers and Textile Components Business Units reported as «discontinued operations»
- Based on the current assessment of the effects from Natural Fibers and Textile Components Business Units reported as discontinued, we update our guidance:
  - sales growth of more than 5 % (prior: to be at 2011 levels)
  - order intake to be close to previous year's level (prior: up to minus 5 %)
  - EBIT margin to increase by 1 percentage point on prior guidance (prior: around 12.5 % reported)



Major step towards balanced business portfolio and continued focus on Operational Excellence to further increase value creation of Oerlikon

**innovation  
has a name**

**œrlikon**

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