

Oerlikon continues solid profitability in challenging environment

Jürg Fedier, CEO / CFO

Q1 2013 results

May 7, 2013

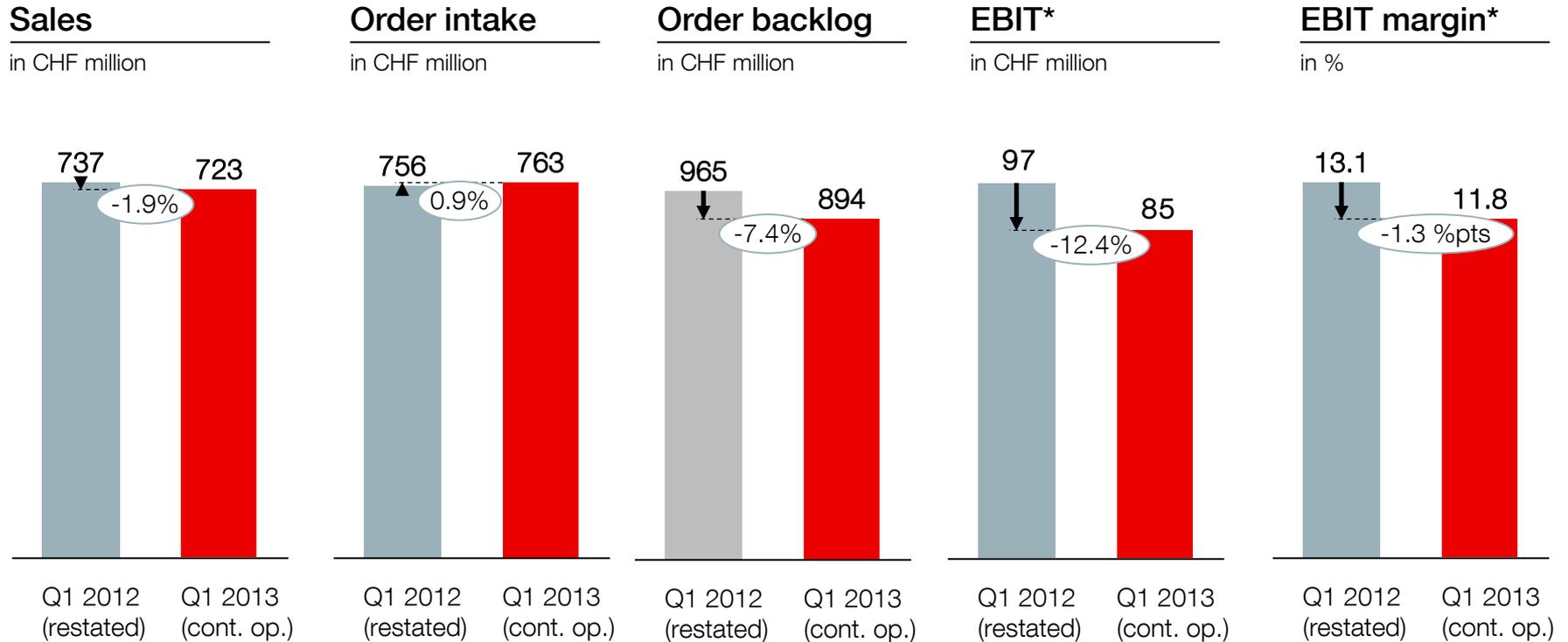


1 Business Update Q1 2013

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Oerlikon continues solid profitability



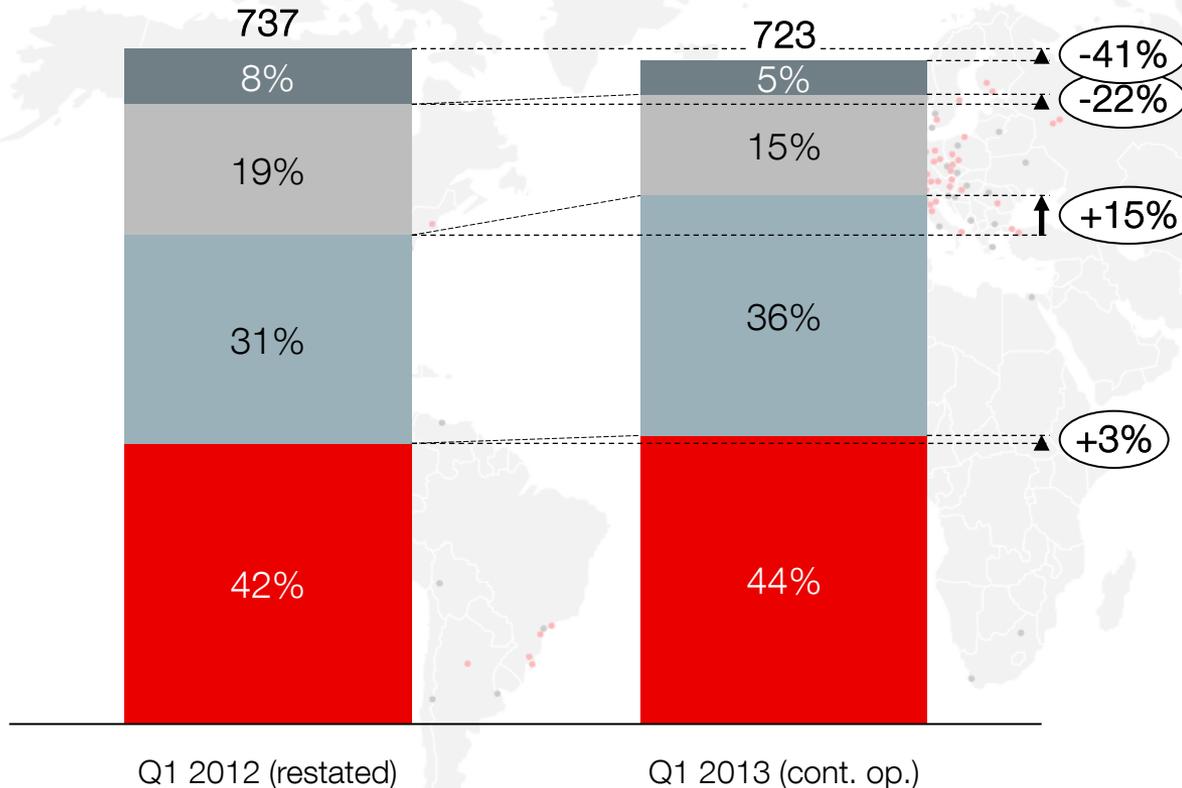
- EBIT margin at 11.8 % (Q1 2012: 13.1 % on a like-for-like basis)
- Strong performance at Textile and Coating Segments, improvements at the Vacuum Segment, Drive Systems and Advanced Technologies Segments impacted by challenging environment
- Currency impact in Q1 negligible
- Strong sales growth in Europe (+15 %) and China (+9 %)

* 2012 excluding one-time effect of Arbon property sale

Sales by region

Regional sales split Q1 2013 vs. Q1 2012*

in CHF million



- Strongest sales growth in Europe (+15 %), primarily driven by the Textile Segment
- Asian markets up 3 % (whereof China +9 %)
- North America decline in sales mainly attributable to Drive Systems Segment

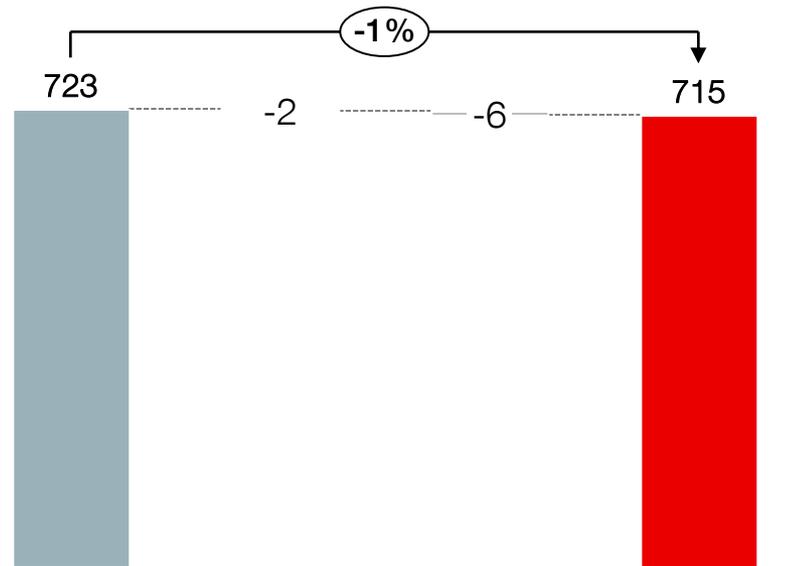
RoW
 North America
 Europe
 Asia / Pacific

* Sales to third parties

FX impact on Sales, EBIT and EBIT margin

Oerlikon Group Sales* Q1 2013

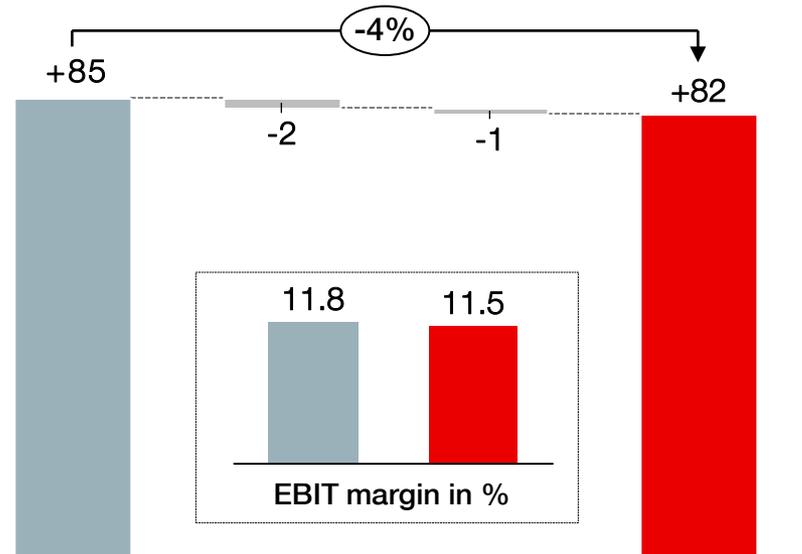
in CHF million



Q1 2013** reported Transaction effects Translation effects Q1 2013 FX impact adj.

Oerlikon Group EBIT Q1 2013

in CHF million

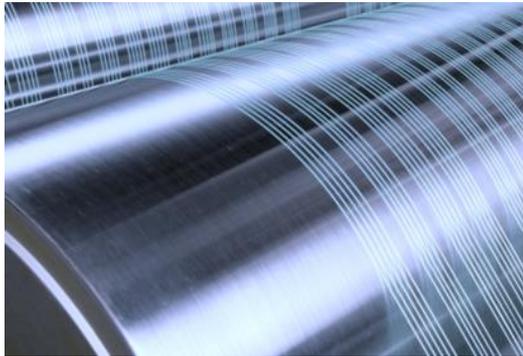


Q1 2013** reported Transaction effects Translation effects Q1 2013 FX impact adj.

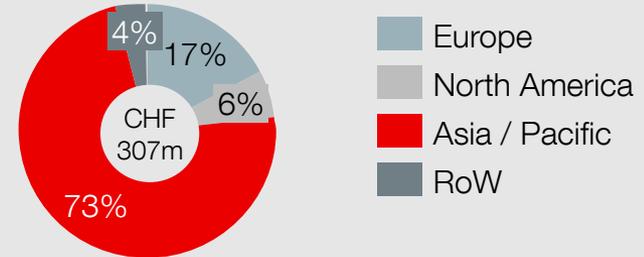
- Only minor currency impact in Q1 2013

- Only minor impact on EBIT margin

* Sales to third parties **Q1 2013 continuing operations



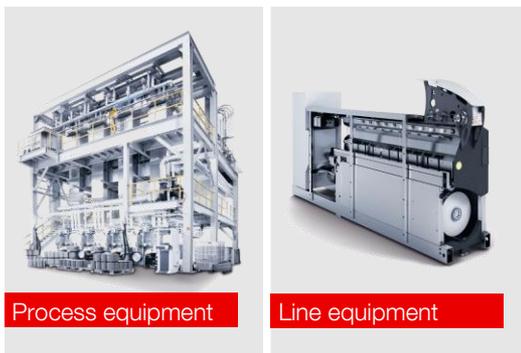
Sales split Q1 2013



Order intake	290
Δ to Q1 2012*	+10 %
Order backlog	600
Δ to Q1 2012*	-8 %
Sales**	307
Δ to Q1 2012*	+13 %
EBIT	49
Δ to Q1 2012*	+48 %
EBIT margin***	15.8 %
Δ to Q1 2012*	+3.6 %pts

Market development Q1 2013

- Continued high order pattern from China
- US and Europe with increased demand for BCF carpet yarn (bulked continuous filament)



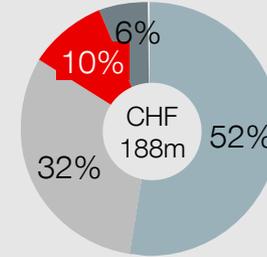
Performance Q1 2013

- New all-time high in terms of sales, order intake and operating profitability
- Order book provides substantial visibility into FY 2014
- Further progress in the divestment process – closing expected in Q2 2013

* Q1 2013 continuing operations; Q1 2012 restated, EBIT excluding one-time effect of Arbon property sale; ** sales to third parties; *** as % of sales



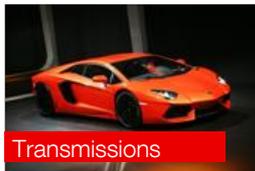
Sales split Q1 2013



Order intake	203
Δ to Q1 2012	-12 %
Order backlog	152
Δ to Q1 2012	-28 %
Sales*	188
Δ to Q1 2012	-16 %
EBIT	3
Δ to Q1 2012	-84 %
EBIT margin**	1.8 %
Δ to Q1 2012	-6.7 %pts

Market development Q1 2013

- Lower demand for equipment used in North America's energy sectors
- Weak infrastructure and construction sector specifically in China result in reduced demand for heavy duty off-highway equipment
- Agriculture market more resilient



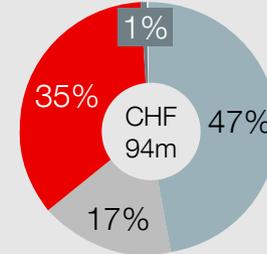
Performance Q1 2013

- Moderate sales growth in Europe, offset by lower sales in North America
- Low profitability level mainly attributable to lower sales and an unfavorable product mix
- Mitigation actions related to costs and to accelerate sales growth

* Sales to third parties; ** as % of sales



Sales split Q1 2013



- Europe
- North America
- Asia / Pacific
- RoW

Order intake	105
Δ to Q1 2012	+2 %
Order backlog	85
Δ to Q1 2012	+6 %
Sales*	94
Δ to Q1 2012	-4 %
EBIT	11
Δ to Q1 2012	-21 %
EBIT margin**	11.3 %
Δ to Q1 2012	-2.8 %pts

Market development Q1 2013

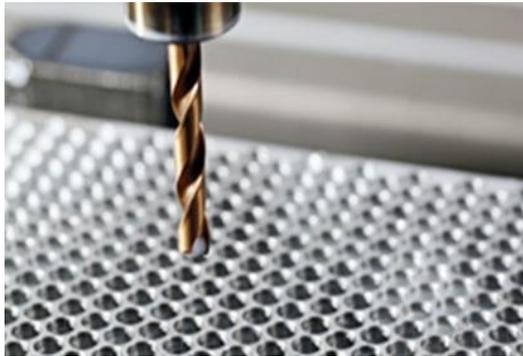
- Slightly improved demand in the process industry and the coating business
- Sales growth in China able to compensate slight declines in Europe and North America
- Ongoing low demand from solar and semi markets



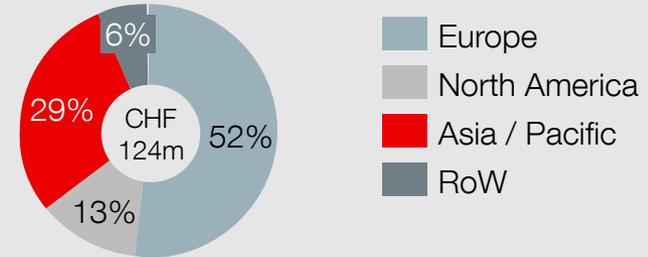
Performance Q1 2013

- Substantial orders for the steel degassing solution and lighting production
- Implementation of subsidiary in Brazil
- Strengthening and alignment of sales team in Asia and the Americas
- Construction of the new logistic center in Cologne, Germany on track

* Sales to third parties; ** as % of sales



Sales split Q1 2013



Order intake	124
Δ to Q1 2012	-2 %
Order backlog	-
Δ to Q1 2012	-
Sales*	124
Δ to Q1 2012	-2 %
EBIT	25
Δ to Q1 2012	-7 %
EBIT margin**	20.0 %
Δ to Q1 2012	-1.3 %pts

Market development Q1 2013

- Continued challenging environment in automotive industry
- Expansion of precision components business
- China with slight recovery



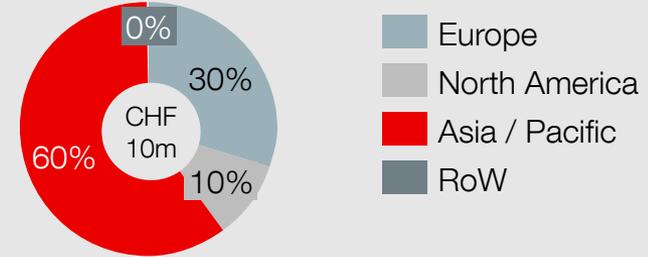
Performance Q1 2013

- Sustainable high profitability level
- Structural growth in automotive industry to mitigate general downturn
- Expansion of value chain by “rox” acquisition
- Qualification of S3p™ technology
- 8th coating center in India (90 coating centers worldwide)

* Sales to third parties; ** as % of sales



Sales split Q1 2013



Order intake	41
Δ to Q1 2012	+32 %
Order backlog	57
Δ to Q1 2012	>100 %
Sales*	10
Δ to Q1 2012	-38 %
EBIT	-6
Δ to Q1 2012	>-100 %
EBIT margin**	n/a
Δ to Q1 2012	n/a

Market development Q1 2013

- Semiconductor industry still faced with a low tool utilization – recovery in H2 2013 expected
- Increasing demand for tablet computers and smart phones – good market acceptance of Hexagon
- Strong demand in China



Performance Q1 2013

- Record order intake and order backlog; high orders from Asia and North America
- Conversion into sales behind expectation due to delay of projects
- Lower sales volume and R&D investment responsible for negative EBIT

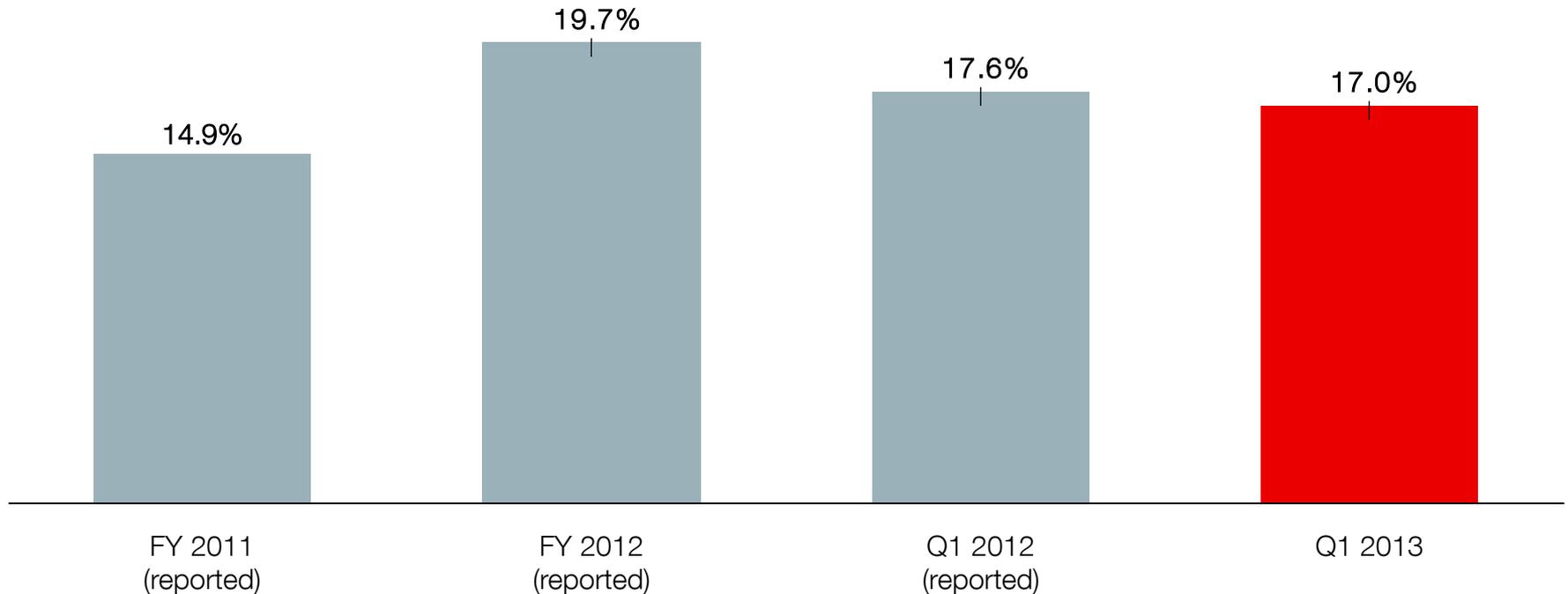
* Sales to third parties; ** as % of sales

Return On Capital Employed (ROCE)

ROCE = NOPAT / Capital Employed

ROCE

in %



- Q1 2013 ROCE: decline in 12-month rolling NOPAT due to one-time effects in Q1 2012 (Arbon property)
- The Oerlikon Group earns in excess of its cost of capital

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	Outlook as of March 2013	Assessment after Q1 2013
Global environment	<ul style="list-style-type: none">▪ Environment uncertain and challenging▪ H1 is likely to be weak with upside potential in H2	<ul style="list-style-type: none">▪ Macroeconomic development and impacts difficult to assess▪ Weaker H1 to become evident 
Top line	<ul style="list-style-type: none">▪ Order intake to be around previous year's level with performance in H1 offset at least by better performance in H2 2013▪ Sales at around previous year's level	<ul style="list-style-type: none">▪ Unchanged 
Profitability	<ul style="list-style-type: none">▪ Operational profitability around previous year's level▪ Temporarily impacted by the announced Textile Segment divestments	<ul style="list-style-type: none">▪ Unchanged 

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Oerlikon Group 2012 excluding Business Units Natural Fibers and Textile Components



Oerlikon Group, in CHF m	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012
Order intake	756	745	667	634	2 802
Order backlog	965	989	901	834	834
Sales (to third parties)	737	741	735	693	2 906
EBIT (reported)	136	97	99	89	421
% of sales	18.4 %	13.1 %	13.5 %	12.8 %	14.5 %
EBIT (excluding sale of Arbon property)	97	97	99	89	382
% of sales	13.1 %	13.1 %	13.5 %	12.8 %	13.2 %

Textile Segment 2012 excluding Business Units Natural Fibers and Textile Components

Textile Segment, in CHF m	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012
Order intake	264	285	256	234	1 039
Order backlog	651	682	631	602	602
Sales (to third parties)	272	271	302	258	1 103
EBIT (reported)	72	33	44	37	186
% of sales	26.6 %	12.5 %	14.8 %	14.2 %	17.0 %
EBIT (excluding sale of Arbon property)	33	33	44	37	147
% of sales	12.2 %	12.5 %	14.8 %	14.2 %	13.4 %

Key figures by Segment FY 2012

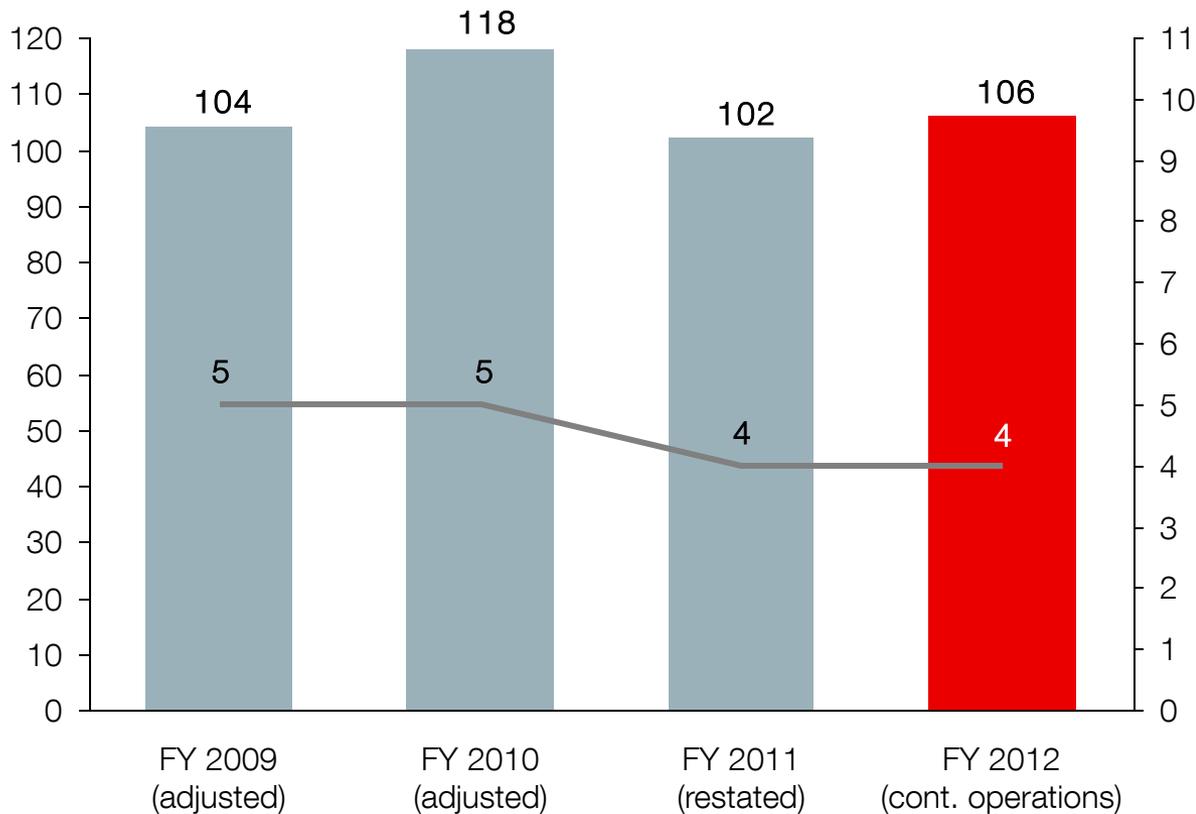
in CHF million	Textile	Drive	Vacuum	Coating	Adv. Tech.
Order intake Δ to 2011	1 039 +2 %	766 -14 %	377 -6 %	501 +4 %	119 +35 %
Order backlog Δ to 2011	602 -11 %	134 -37 %	73 -5 %	-	25 >100 %
Sales* Δ to 2011	1 103 +21 %	826 +1 %	373 -9 %	501 +4 %	103 -5 %
EBIT Δ to 2011	186 >100 %	70 +43 %	38 -35 %	103 +6 %	7 -36 %
EBIT margin** Δ to 2011	17.0 % +9.0 %pts	8.5 % +2.5 %pts	10.2 % -3.7 %pts	20.5 % +0.4 %pts	6.6 % -3.7 %pts

* Sales to third parties; ** as % of sales

Constant range of investments in R&D

Investments in R&D (expenditure) in the range of 4-5 % of sales

in CHF million / as % of sales

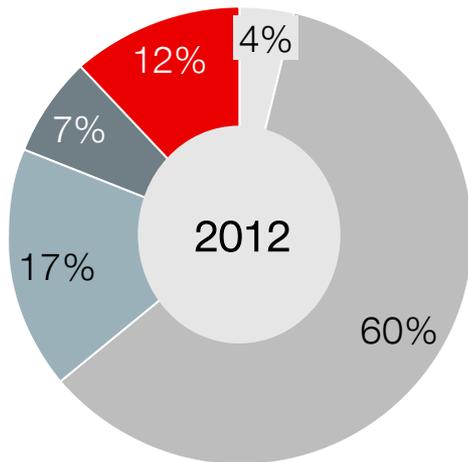


- R&D essential to secure technological leadership
- Constant range of 4–5 % of sales following the divestments
- 4 % increase in R&D expenditures in 2012
- Coating and Textile followed by Vacuum and Drive Systems

Currency mix with strong natural hedge – Limited Swiss franc exposure

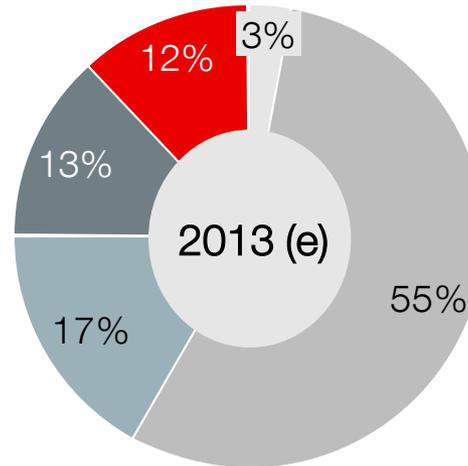
Currency exposure 2012

in %



Currency exposure 2013 (e)

in %



- No major currency mismatch between sales, COGS and overhead costs – natural hedge
- Solar divestment reduced Swiss franc exposure in 2012
- Limited transaction risk
- Translation effects from reporting currency Swiss francs
- Growth in China will increase RMB proportion

Oerlikon increased net profitability

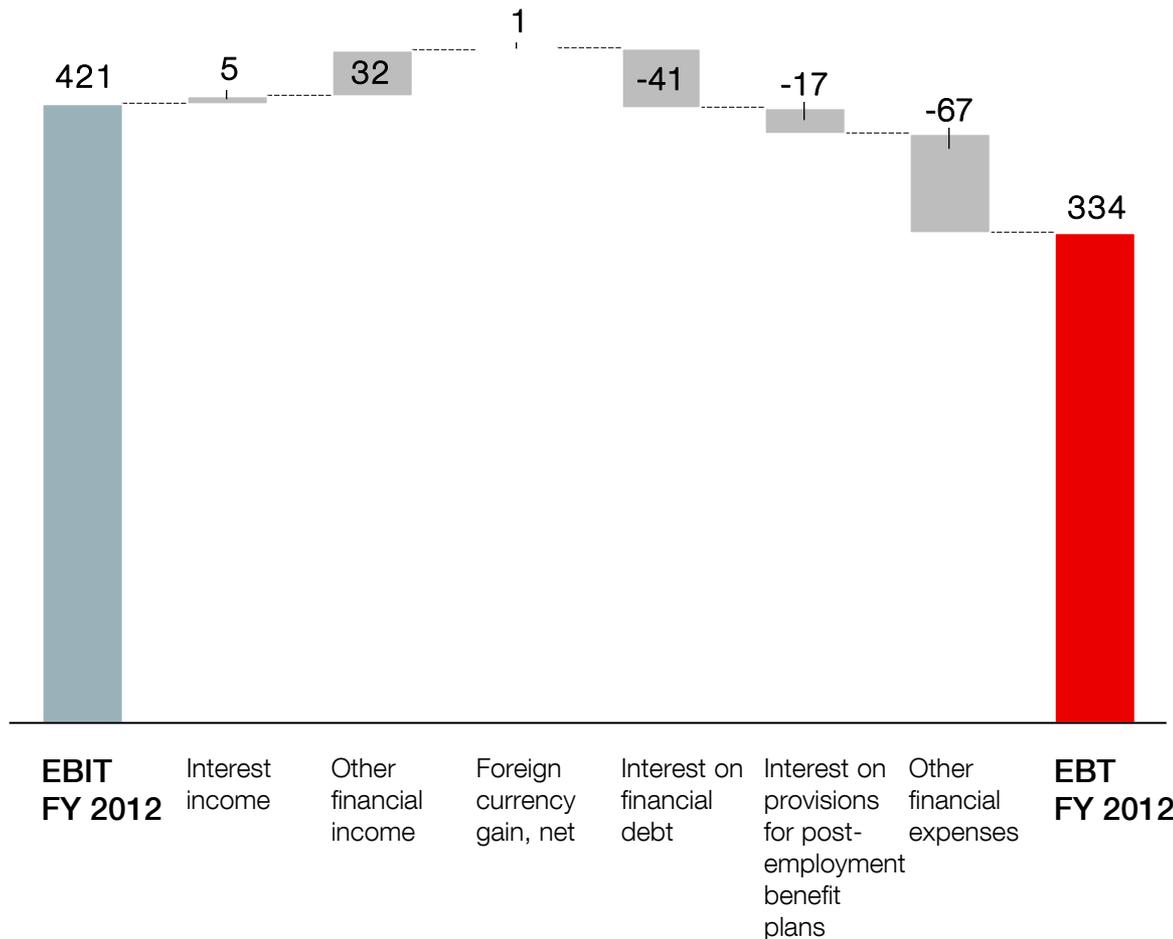


in CHF million	FY 2012	FY 2011	Δ
Result before interest and taxes (EBIT) in % of sales	421 14.5 %	318 11.6 %	+32.4 %
Financial result in % of sales	-87 3.0 %	-95 3.5 %	-8.4 %
Result before taxes (EBT) in % of sales	334 11.5 %	223 8.2 %	+49.8 %
Income taxes in % of EBT	-111 33.2 %	-64 28.7 %	+73.4 %
Result from continuing operations in % of sales	223 7.7 %	159 5.8 %	+40.3 %
Result from discontinued operations in % of sales	162 5.6 %	65 2.4 %	>100 %
Net income in % of sales	385 13.2 %	224 8.2 %	+71.9 %

Financial result – Impacts from refinancing and divestments

Financial result bridge 2012

in CHF million

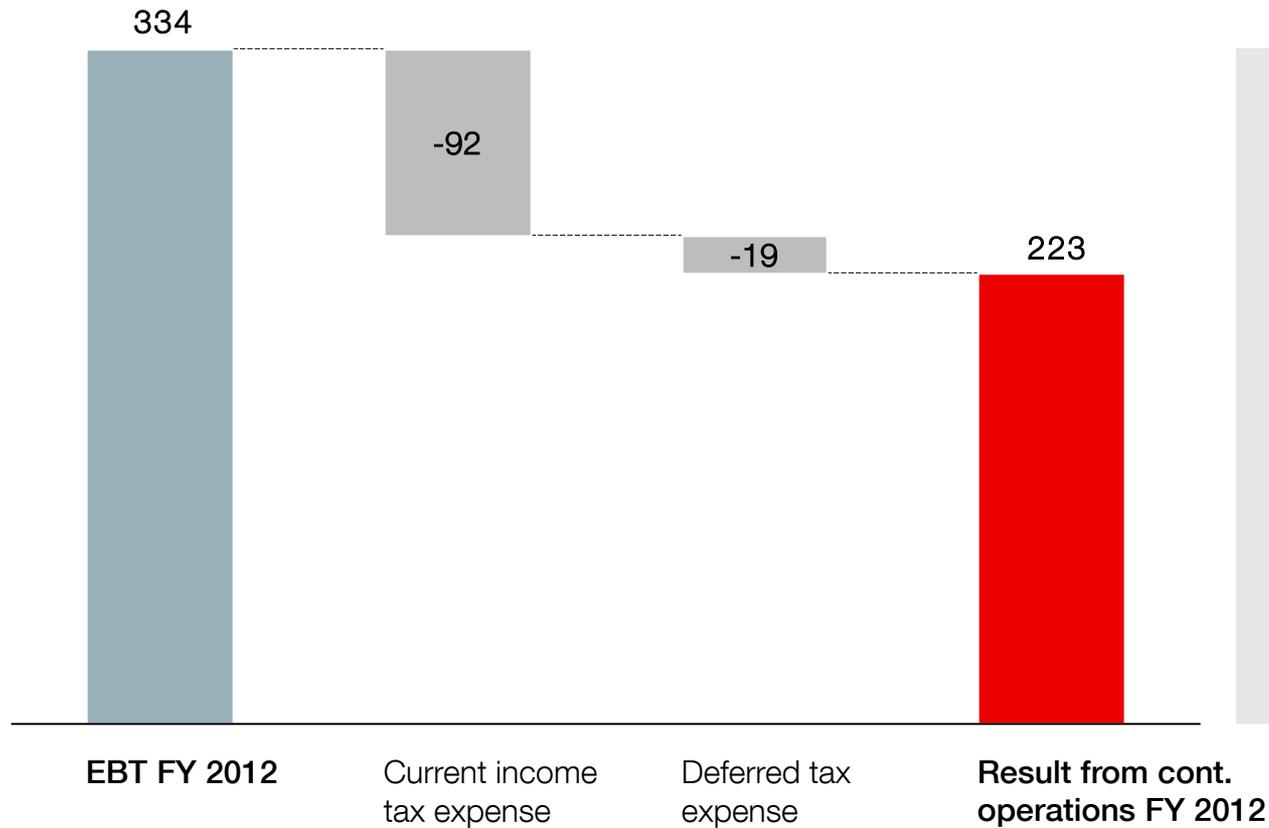


- Other financial income mainly driven by the gain on the sale of Pilatus Flugzeugwerke AG shares
- Other financial expenses include one-time charges amounting to CHF 47 million in connection with the replacement of the old Syndicated Credit Facility

Tax rate FY 2012 of 33 %

Tax result FY 2012

in CHF million



- Main tax-paying entities continue to be in China, Germany and India
- Deferred tax expenses mainly due to utilization of tax loss carry forwards
- Mid-term targeted tax rate of around 30 %

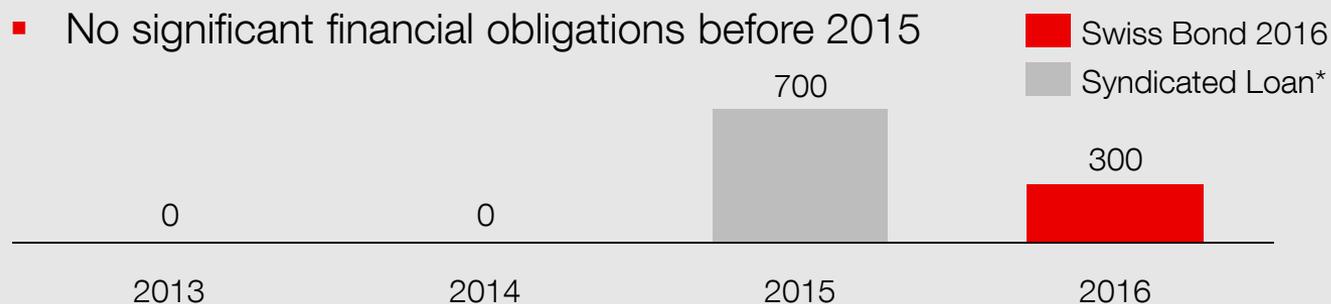
Financing instruments

- Diversification of financing instruments in 2012
- New credit facility (CHF 700 million)
- Swiss Bond issued (CHF 300 million)
- Repayment of old credit facility from restructuring in 2010

Liquidity position



Maturity of major financing instruments



* Syndicated Loan (Cash Facility undrawn, Ancillary Facility partly used) includes two prolongation options until final maturity 2017

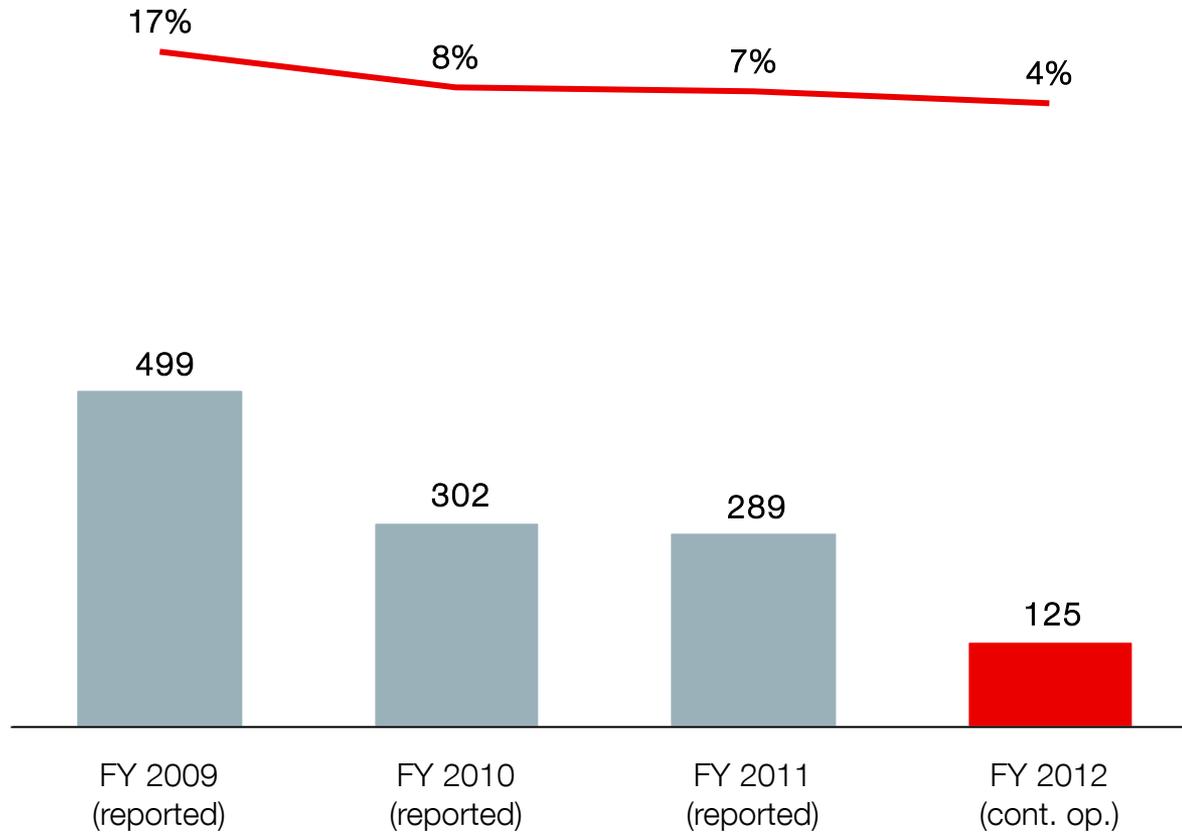
Strong balance sheet

in CHF million	FY 2012	FY 2011
Cash and cash equivalents	638	742
Trade receivables	474	635
Inventories	388	582
Assets classified as held for sale	737	-
Property, plant and equipment	718	915
Intangible assets	938	1 261
Total other assets	266	438
Total assets	4 159	4 573
Trade payables	287	457
Current customer advances	450	471
Liabilities classified as held for sale	239	-
Current and non-current loans and borrowings	307	856
Non-current post-employment benefit provisions	533	525
Total other liabilities	461	654
Total liabilities	2 277	2 963
Total equity	1 882	1 610
Equity ratio	45 %	35 %
Net liquidity	339	-86

Net working capital

Net working capital* FY 2009 – FY 2012

in % of sales; in CHF million



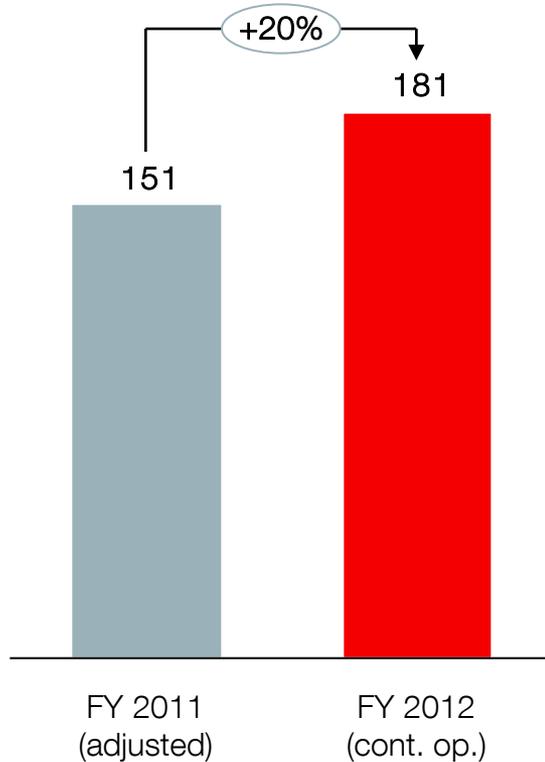
- Continued reduction of net working capital
- Active inventory management
- Customer advances at CHF 450 million

* Net working capital is defined as trade receivables + inventories – trade payables – current customer advances

CAPEX exceeding depreciation level

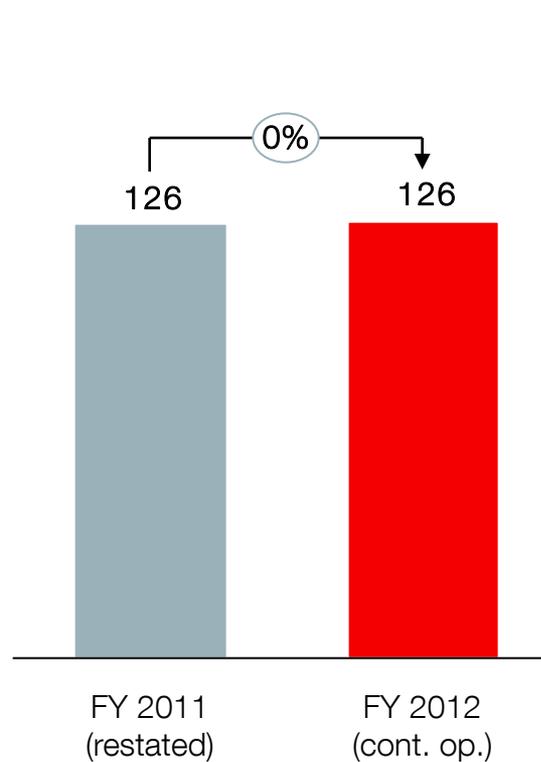
CAPEX

in CHF million

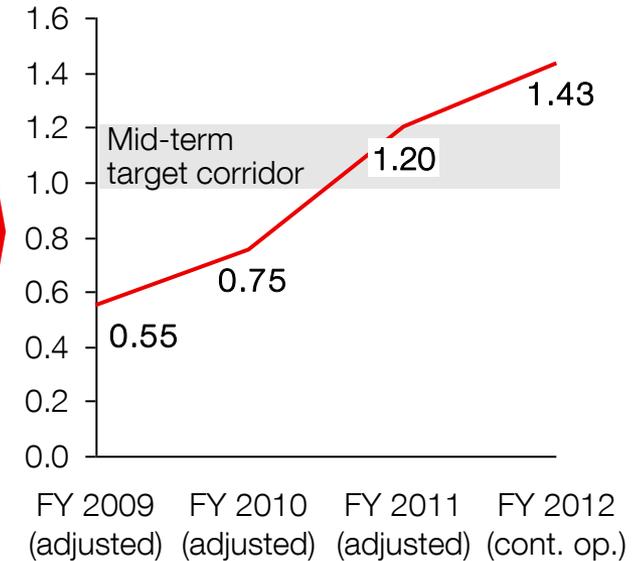


Depreciation & amortization*

in CHF million



CAPEX / depreciation & amortization ratio*

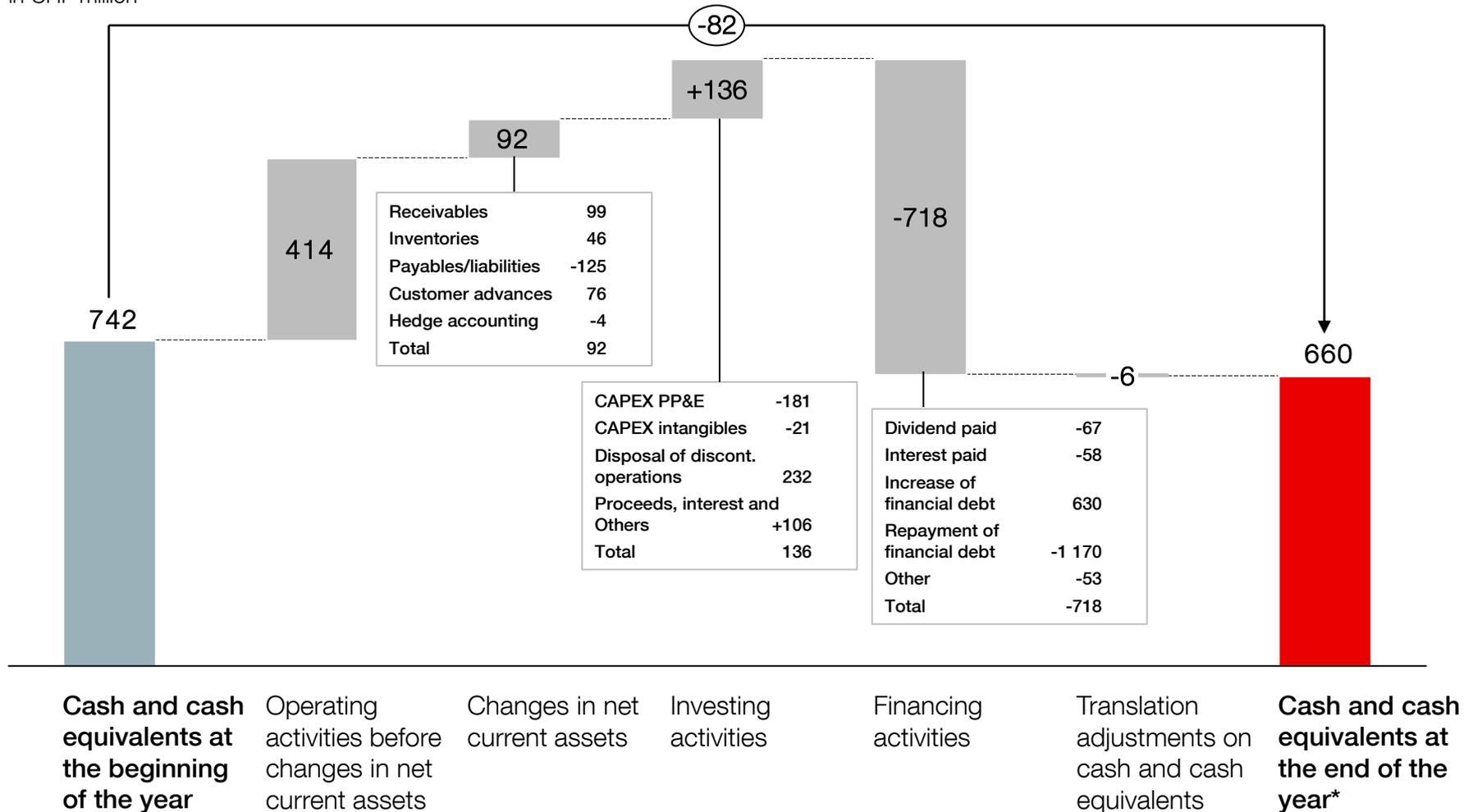


* Excluding impairment

Consolidated cash flow statement

Consolidated cash flow statement FY 2012

in CHF million

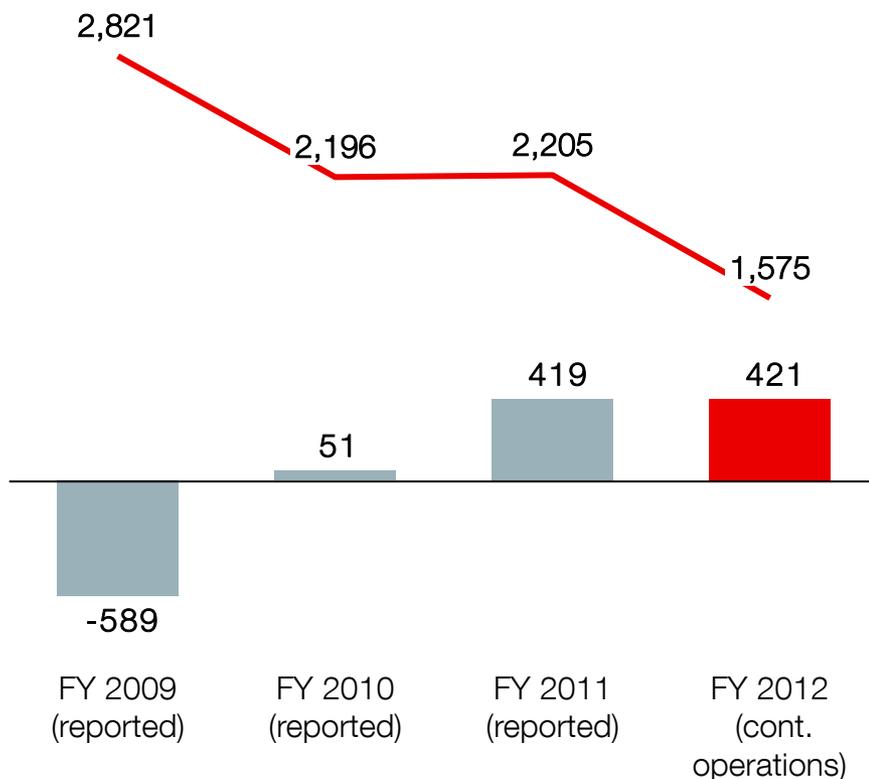


* Includes CHF 22 Mio. which are included in «Assets classified as held for sale» in the balance sheet as of December 31, 2012

Strong improvement in Return on Net Assets (RONA*)

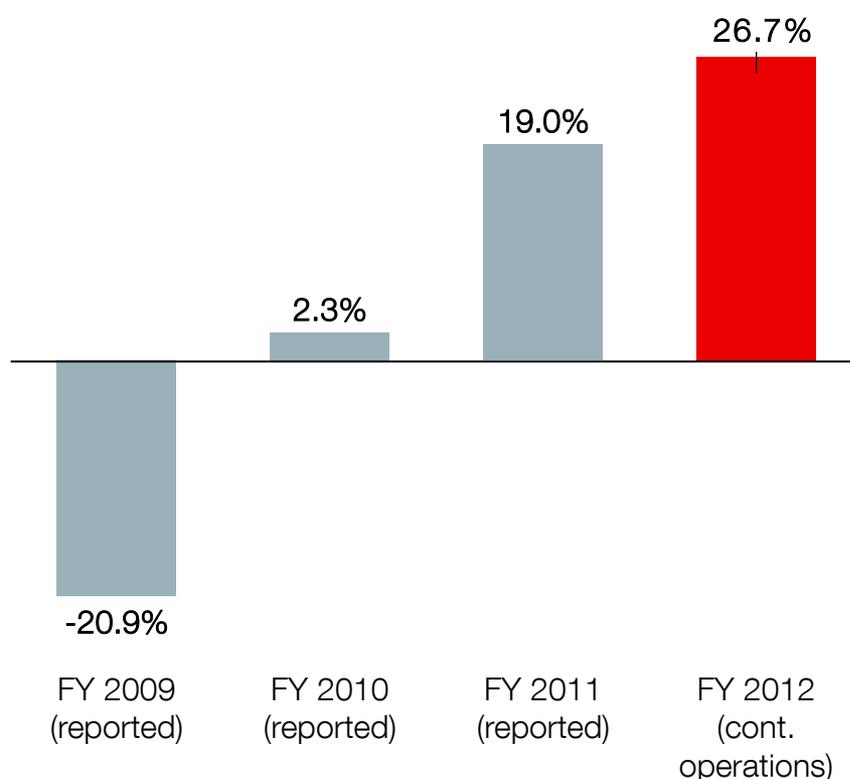
EBIT and Net Operating Assets*

in CHF million



RONA*

in %



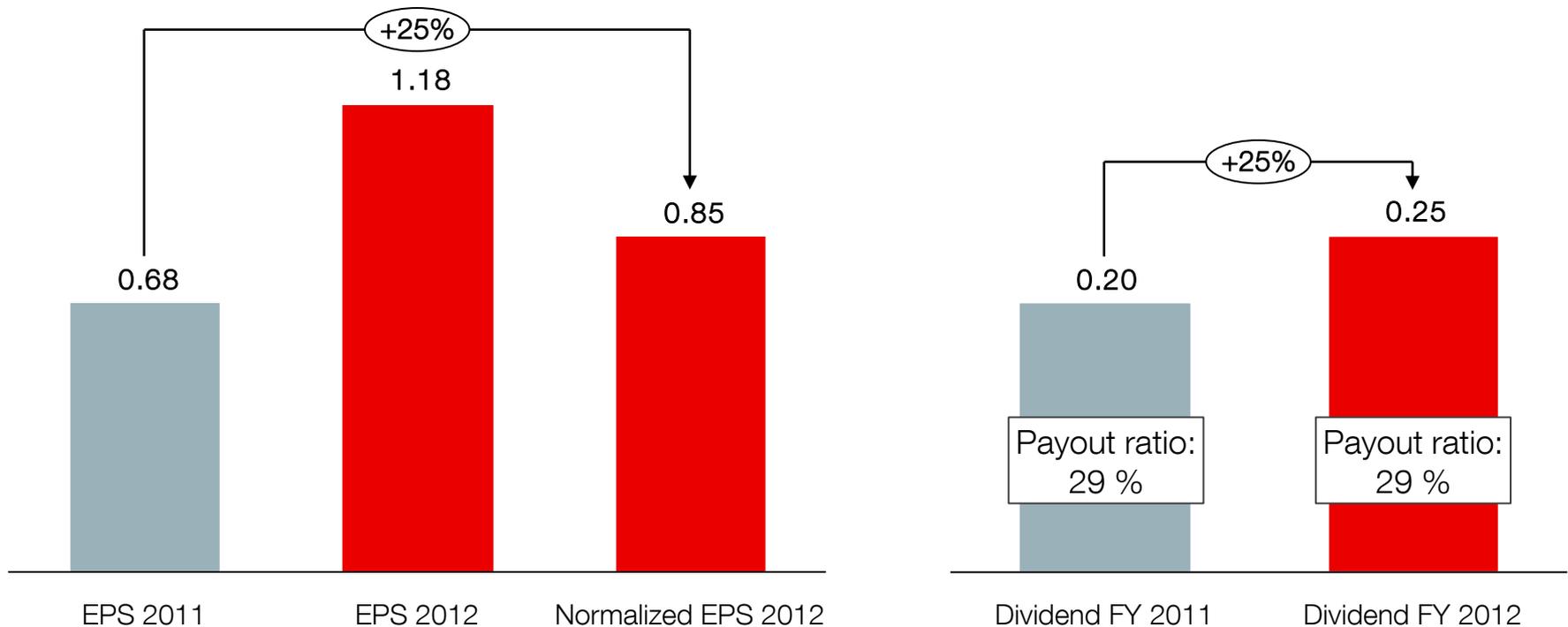
- Divestments and Discontinued Operations reduce asset base
- Strong operational performance over reduced net operating assets drive RONA performance

* Net Operating Assets include goodwill and brands; RONA is defined as EBIT / Net Operating Assets including goodwill and brands

Dividend increase of 25 % approved by AGM – Dividend yield of 2.4 % based on year-end share price

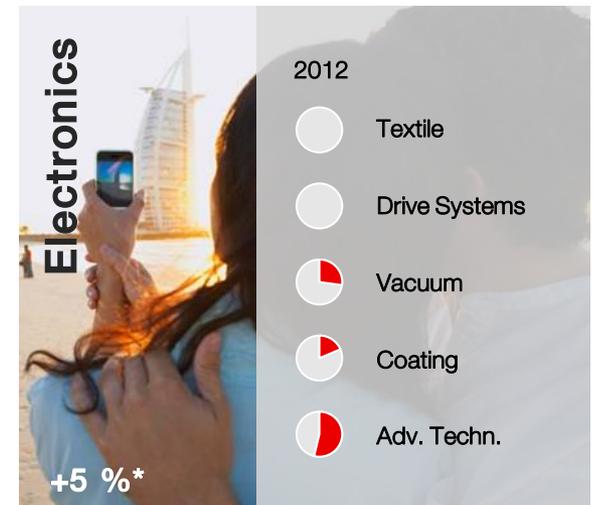
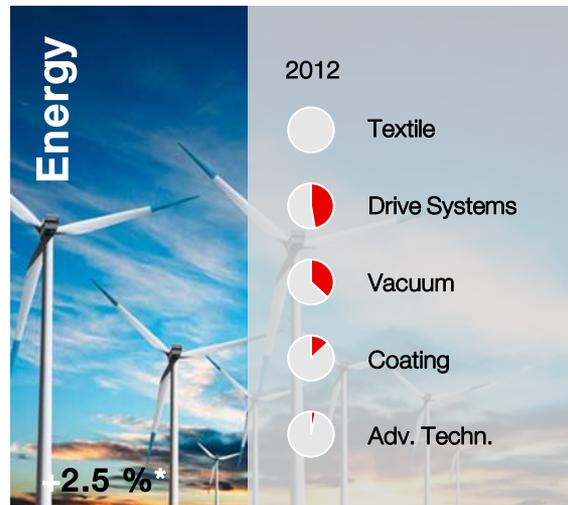
Dividend proposal for FY 2012

in CHF per share



- AGM approved a pay out CHF 0.25 per share for FY 2012 in line with dividend policy
- Stable pay-out ratio of 29 % based on normalized EPS
- Dividend distributed from the reserve from capital contribution

Presence and opportunities in global growth markets



* Estimated compound annual growth rate (CAGR) for 2012-2016

Tagline

**innovation
has a name**

oerlikon

Vision

Vision

Oerlikon creates innovative industrial solutions for a better life.



Mission

Mission

Oerlikon strives to be your most reliable business partner, worldwide.

We increase value through high-quality innovative industrial solutions, continuously.

We engage highly qualified professionals.

Our commitment is your success!



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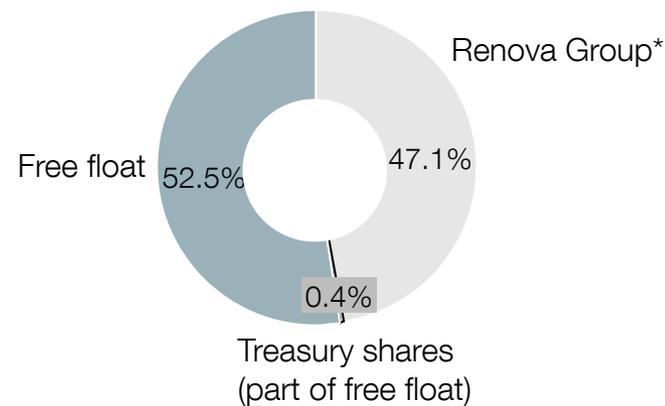
Oerlikon shares

as of May 3, 2013

- Listed on Swiss Exchange (SIX) since 1973
- Securities symbol: OERL
- Securities number 81 682
- ISIN: CH0000816824
- No. of shares outstanding: 331 530 914 shares
- Re-entry to Swiss SMIM on April 17, 2012
- Addition to STOXX Europe 600 as of June 18, 2012

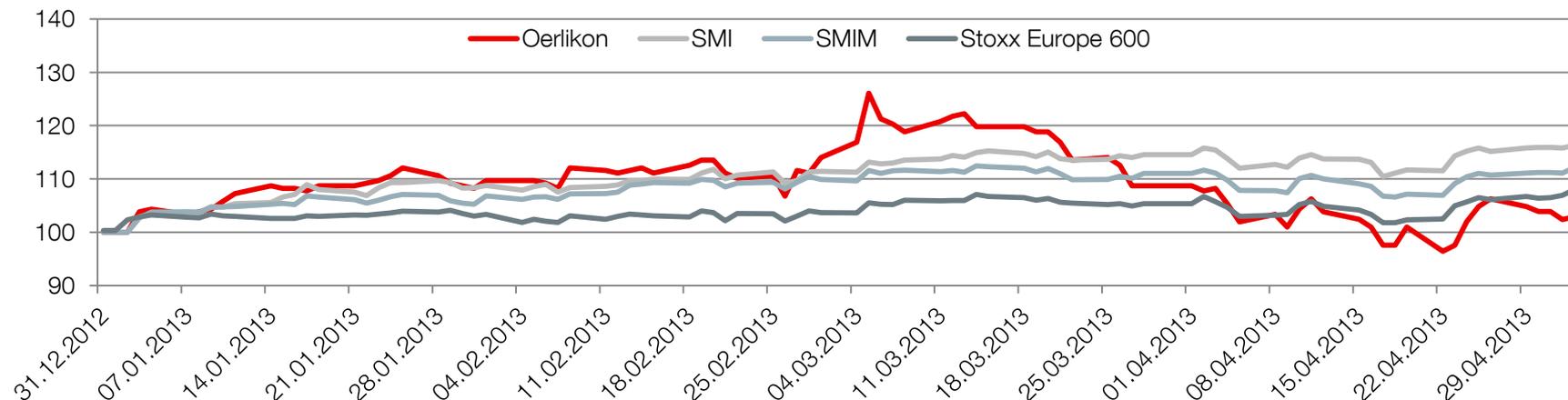
Oerlikon shareholder structure

as of May 3, 2013



Oerlikon share price development

as of May 3, 2013, indexed; 100 percent = closing price per December 31, 2012



* Based on latest notification as of September 6, 2012 of 156 210 954 shares

Coverage – 7 Buy/Accumulate, 3 Hold/Neutral

Broker (as of May 2, 2013)	Analyst	Recommendation	Date of last update	Target price
AlphaValue	Pierre-Yves Gauthier	Add	16.04.2013	12.10
Bank am Bellevue	Michael Studer	Hold	06.03.2013	12.00
Berenberg Bank	Benjamin Glaeser	Buy	02.05.2013	13.60
Credit Suisse	Patrick Laager	Outperform	26.04.2013	15.00
Helvea SA	Reto Amstalden	Neutral	01.05.2013	13.00
Kepler CM	Christoph Ladner	Buy	14.03.2013	15.00
Société Générale	Jean Baptiste Roussille	Hold	29.04.2013	11.00
UBS	André Rudolf von Rohr	Buy	30.04.2013	14.00
Vontobel	Michael Foeth	Buy	29.04.2013	14.50
Zürcher Kantonalbank	Armin Rechberger	Overweight	02.05.2013	-
Consensus		7 positive 3 neutral		13.36

Oerlikon Customer Base (selection)

- Preferred technology supplier to technology leaders in their respective industries
- Global customer base and world-leading brand names
- Strong long-term customer relationships



March 5, 2013	Q4 / FY 2012 results and publication of Annual Report 2012 - Annual Press Conference
April 30, 2013	Annual General Meeting of Shareholders - KKL Lucerne
May 7, 2013	Q1 2013 Results - Media & Analyst Conference Call
August 6, 2013	Q2 / HY 2013 results and publication of Interim Report 2013 - Media & Analyst Conference Call
October 29, 2013	Q3 / 9M 2013 results - Media & Analyst Conference Call

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