

## Third quarter 2017 results

### Growth momentum continued in all businesses – guidance raised for full-year

- Group order intake increased by 29.2 % and Group sales by 31.5 %
- Strong Group profitability with Q3 EBITDA margin of 15.5 %
- Double-digit sales growth in Surface Solutions Segment
- Substantial increase in sales and orders, and double-digit profitability in Manmade Fibers Segment
- Top-line growth and double-digit EBITDA margin sustained in Drive Systems Segment
- Full-year guidance for 2017 raised
- Executive Committee realigned

Key figures of the Oerlikon Group as of September 30, 2017 (in CHF million)

	Q3 2017	Q3 2016	Δ	9M 2017	9M 2016	Δ
Order intake	739	572	29.2 %	2 175	1 753	24.1 %
Order backlog	611	398	53.5 %	611	398	53.5 %
Sales	722	549	31.5 %	2 018	1 718	17.5 %
EBITDA	112	81	38.3 %	290	238	21.8 %
EBITDA margin	15.5 %	14.7 %	–	14.4 %	13.8 %	–
EBIT	63	37	70.3 %	147	105	40.0 %
EBIT margin	8.7 %	6.8 %	–	7.3 %	6.1 %	–
ROCE (rolling 12-month)	6.9 %	6.2 % <sup>1</sup>	–	6.9 %	6.2 % <sup>1</sup>	–

<sup>1</sup> Normalized; excluding restructuring and impairment effects.

**Pfäffikon, Schwyz, Switzerland – October 31, 2017 – “We are pleased to announce another quarter of profitable growth,” said Dr. Roland Fischer, CEO of Oerlikon Group. “Our positive performance confirms that our strategy addresses attractive markets, our initiatives and activities are delivering positive results, and we are able to take advantage of the growth momentum and opportunities in our end markets. Consequently, we are in a position to increase our full-year expectations for the second time this year.”**

**“Our surface solutions business continued delivering strong performance, achieving double-digit top-line growth and maintaining its operating profitability at over 20 %. Thanks to its market-leading position, our manmade fibers business succeeded in securing substantial orders and sales, primarily but not only in the filament equipment market in China. Following the repositioning efforts, our drive systems business is today in good shape and in a favorable position to take advantage of opportunities in its markets. As a result, we achieved another quarter of good top line and operating profitability,” added Dr. Fischer. “As we see a growing demand for surface solutions and advanced materials technologies in many of our end markets, we will continue to expand and improve our technology and service offering in this business, while further strengthening the market position and growth potential of our other two businesses.”**

## Group performance in Q3 2017

In the third quarter, the global economy continued to see growth in trade, export and manufacturing in all regions. This development was noted in most of Oerlikon's end markets, especially in the automotive, tooling, general industries, filament equipment, transportation, agriculture and construction sectors. Oerlikon succeeded in exploiting the positive market opportunities to further develop its business, resulting in another quarter of growth in orders, sales and operating profitability.

The Surface Solutions Segment continued to expand its business and achieved double-digit growth in both orders and sales in the third quarter. Positive development was registered in its markets, particularly in tooling and general industries, as well as in China and India. The Manmade Fibers Segment captured a significant share of the business in the filament equipment market, where a high level of demand prevailed, particularly in China. This contributed to the significant increase in orders and sales, and consequently double-digit operating profitability for the Segment. With the successful repositioning of the Drive Systems Segment, the business has gained a stronger footing in its end markets and achieved a marked growth in orders and sales. The Segment secured new customers and wins in its key end markets – agriculture, construction, transportation and automotive – with growth most notable in the China public transportation market.

Group orders for the third quarter increased year-on-year by 29.2 % to CHF 739 million (Q3 2016: CHF 572 million) and sales were up by 31.5 % to CHF 722 million (Q3 2016: CHF 549 million). At constant exchange rates, sales stood at CHF 714 million. The Group's EBITDA came in higher year-on-year at CHF 112 million, or 15.5 % of sales (Q3 2016: CHF 81 million, 14.7 %). EBIT for Q3 2017 stood at CHF 63 million, corresponding to a margin of 8.7 % (Q3 2016: CHF 37 million, 6.8 %). The third quarter performance resulted in a rolling 12-month Oerlikon Group return on capital employed (ROCE) of 6.9 % versus 6.2 % (normalized for restructuring and impairment effects) in the same period in 2016.

In the third quarter, service revenues contributed to 33.4 % of total Group sales (Q3 2016: 38.0 %), reflecting the substantial increase in equipment and project businesses, particularly in the Manmade Fibers and Drive Systems Segments.

## Top management realigned

Effective November 1, 2017, the Group's Executive Committee (EC) will be realigned. Dr. Helmut Rudigier, the long-standing Chief Technology Officer (CTO) of Oerlikon's Surface Solutions Segment, will take on the role of Group CTO and become a member of the EC. Georg Stausberg, CEO of the Manmade Fibers Segment, and Dr. Bernd Matthes, CEO of the Drive Systems Segment, will relinquish their role in the EC and continue contributing as members of the managing board. Therefore, the Group's EC will consist of Dr. Roland Fischer (CEO), Jürg Fedier (CFO), Anna Ryzhova (Chief HR Officer) and Dr. Helmut Rudigier (CTO). The EC will remain focused on the execution of the Group's strategic key priorities and the development of the Group's finance, technology, HR and talents. The managing board, reporting to the EC, was formed to strengthen the operational business and improve the Group's focus on its key markets and customers. Its members consist of the Segment CEOs, Surface Solutions Business Unit Heads and specific function Heads.

## 2017 outlook raised

Oerlikon expects the positive momentum in the global economy and in its end markets to prevail. Certain risks in the global political and macroeconomic environment remain, which could impact specific markets. Nonetheless, based on Oerlikon's good third quarter performance, the robust economic backdrop and anticipated positive development of its end markets, Oerlikon is raising its guidance for the full year of 2017. The Group expects order intake to exceed CHF 2.8 billion and sales to come in around CHF 2.75 billion for the full year 2017. The Group's EBITDA margin is anticipated to be at around the same level as in 2016 (14.3 %), even after absorbing the significant investments for the ramp-up of its additive manufacturing business.

## Segment overview

### Surface Solutions Segment

Key figures of Surface Solutions Segment as of September 30, 2017 (in CHF million)

	Q3 2017	Q3 2016	Δ	9M 2017	9M 2016	Δ
Order intake	349	300	16.3 %	1 043	917	13.7 %
Order backlog	115	85	35.3 %	115	85	35.3 %
Sales (to third parties)	337	305	10.5 %	1 009	915	10.3 %
EBITDA	69	74	-6.8 %	209	206	1.5 %
EBITDA margin	20.3 %	24.1 %	–	20.6 %	22.5 %	–

The Surface Solutions Segment continued on its growth path and delivered double-digit increases in both year-on-year orders and sales. The Segment saw positive development in its markets, especially in the automotive, tooling and general industries, while a slight year-on-year decline was registered in the aviation and power generation businesses. Regionally, a healthy uptake of orders and sales was noted in China and India.

The Segment achieved good operating profitability in Q3 2017, considering the significant investments incurred this year, particularly in the additive manufacturing business, and the impact of a one-time non-recurring effect in the same period in the previous year. The 20.3 % EBITDA margin represents the twelfth consecutive quarter where the Segment had an EBITDA margin of over 20 %. EBIT for Q3 2017 stood at CHF 35 million (Q3 2016: CHF 45 million).

In the third quarter, the Segment added innovative technologies and expertise to its portfolio through the acquisition of Primateria in Sweden and the signed agreement with DiaPac LLC and Diamond Recovery Services (DRS) in the USA. With Primateria, Oerlikon strengthened its foothold in the gear cutting market, especially in Sweden. With DiaPac and DRS, Oerlikon will gain complementary knowledge for the manufacturing, processing, application, recovery and recycling of advanced materials, especially tungsten carbide. It will also expand Oerlikon's market access in the oil & gas, metal matrix composites and US powdered metals industries.

From October 11 to 12, Oerlikon successfully hosted over 600 participants at the 1st Munich Technology Conference on additive manufacturing (AM). Over 30 top speakers from industry-leading companies provided thought-provoking insights into the application, potential and challenges of AM. The event has established itself as a platform for the exchange of ideas on how AM will become the technology of choice for large series production in industry. In conjunction with the event, Oerlikon inaugurated the opening of its Technology & Innovation Center in Munich for additive manufacturing.

Technologically, the Segment launched BALIQ™ UNIQUE, the new, improved and extended coatings colors of the BALIQ family. Designed for the tooling market, the highly wear-resistant, scalable and precise coatings with excellent hardness allow customers to color their tools for branding or design purposes, or to color-code their tools according to functionality and applications. Furthermore, the Segment obtained its first Nadcap (National Aerospace and Defense Contractors Accreditation Program) certification in North America – an important accreditation that enables the Segment to serve and support aerospace customers in this region.

## Manmade Fibers Segment

Key figures of Manmade Fibers Segment as of September 30, 2017 (in CHF million)

	Q3 2017	Q3 2016	Δ	9M 2017	9M 2016	Δ
Order intake	191	134	42.5 %	567	383	48.0 %
Order backlog	371	218	70.2 %	371	218	70.2 %
Sales (to third parties)	199	103	93.2 %	477	340	40.3 %
EBITDA	22	1	>100 %	26	8	>100 %
EBITDA margin	11.1 %	0.6 %	–	5.5%	2.3%	–

The Manmade Fibers Segment achieved strong growth, increasing order intake by over 40 % and sales by over 90 % year-on-year. The filament equipment market is seeing a resounding recovery and the Segment scored wins with large filament equipment customers in China thanks to its competitive market standing and technologies. The Segment also succeeded in growing its business outside of China, primarily in India, and in the global staple fibers market.

The Segment attained a double-digit EBITDA margin, reflecting the top-line development and the improvement in flexibility, quality of work, processes, customer projects and operating leverage, as well as strict cost discipline. However, the Segment is and will remain impacted by lower-margin orders and projects from the down-cycle period. EBIT for Q3 2017 stood at CHF 17 million (Q3 2016: CHF - 4 million).

In the third quarter, the Segment also delivered its first automated DTY (Draw Texturized Yarn) machine, eAFK HQ, to one of its key account customers in China. The eAFK machine, launched in 2016, is a highly compact and space saving machine that can offer up to a 50 % increase in productivity.

## Drive Systems Segment

Key figures of Drive Systems Segment as of September 30, 2017 (in CHF million)

	Q3 2017	Q3 2016	Δ	9M 2017	9M 2016	Δ
Order intake	199	138	44.2 %	565	453	24.7 %
Order backlog	125	95	31.6 %	125	95	31.6 %
Sales (to third parties)	186	141	31.9 %	532	463	14.9 %
EBITDA	20	10	100 %	53	31	71.0 %
EBITDA margin	10.7 %	7.3 %	–	10.0 %	6.7 %	–

The Drive Systems Segment continued to benefit from its repositioning measures and further strengthened its position to grow its business and expand market share in its key markets, as demonstrated by its strong order intake and sales results. The Segment gained customers and won new projects in all of its key end markets – agriculture, transportation, automotive and construction. Particularly in the transportation market, the Segment more than doubled sales, mainly attributed to the China public transportation sector, where it is gaining market share and becoming a market leader for city-bus axles. The Segment also achieved good growth in South America, primarily driven by the continued strengthening of the Brazilian agriculture market. In the automotive market, the Segment succeeded in winning its first automotive e-drive project.

In the third quarter, the Segment achieved a double-digit EBITDA margin of 10.7 %, representing an incremental increase of over 300 basis points compared to the previous year. This reflects the operating leverage from increased sales and the continued positive impact from repositioning initiatives. EBIT for Q3 2017 stood at CHF 11 million (Q3 2016: CHF 1 million).

## Additional information

Oerlikon will present its results in English during its conference call today beginning at 14:00 hrs CET. To participate, please dial the following numbers a few minutes before the start of the conference call:

Country	Toll-local:
Switzerland	+41 (0) 58 310 50 00
UK	+44 (0) 207 107 06 13
USA	+1 (631) 570 5613

The accompanying presentation can be viewed simultaneously by clicking [here](#).

The media release including a full set of tables can be found at [www.oerlikon.com/pressreleases](http://www.oerlikon.com/pressreleases) and [www.oerlikon.com/ir](http://www.oerlikon.com/ir).

## About Oerlikon

Oerlikon (SIX: OERL) is a leading global technology Group, with a clear strategy to become a global powerhouse in surface solutions, advanced materials and materials processing. Backed by the key ability to intelligently engineer and process surface solutions and advanced materials, the Group is committed to invest in value-bringing technologies that provide customers with lighter, more durable, more efficient and environmentally sustainable products. A Swiss company with over 100 years of tradition, Oerlikon's operates its business in three Segments (Surface Solutions, Manmade Fibers and Drive Systems) with a global footprint of over 13 500 employees at more than 180 locations in 37 countries and sales of CHF 2.3 billion in 2016. The company invested CHF 94 million in R&D in 2016 and has over 1 000 specialists developing innovative and customer-oriented products and services.

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